

REDACTED VERSION

Exhibit A19 to C. Cramer Declaration

EXHIBIT 28

Let's talk about our
business model...

Why we're here

Assess current situation

Take a step back and see the larger picture


Discuss big ideas and implications

goal: Agree on how we want to shape the future

Proprietary + Confidential

The daily Android / Play vocabulary...

Cloudgaming Epic
Instantapps Discovery
Billing Tencent Kids
Samsung Subscription
Gameengines Premiumgames Stadia
Ads HUG xPA CPI
Revshare
Regulations Huawei Instantgames
Policy Unity Crossplatform
Security Chat Emulators Discord
RSA esports
Malware
Dumbledore

<p>Our teams have brought us at least one proposal for each item and seek decisions</p>	<p>HOWEVER</p>	<p>All of these problems are linked one way or the other and there will be long term impact based on what we decide</p>  <p>Proprietary + Confidential</p>
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Let's take a step back...

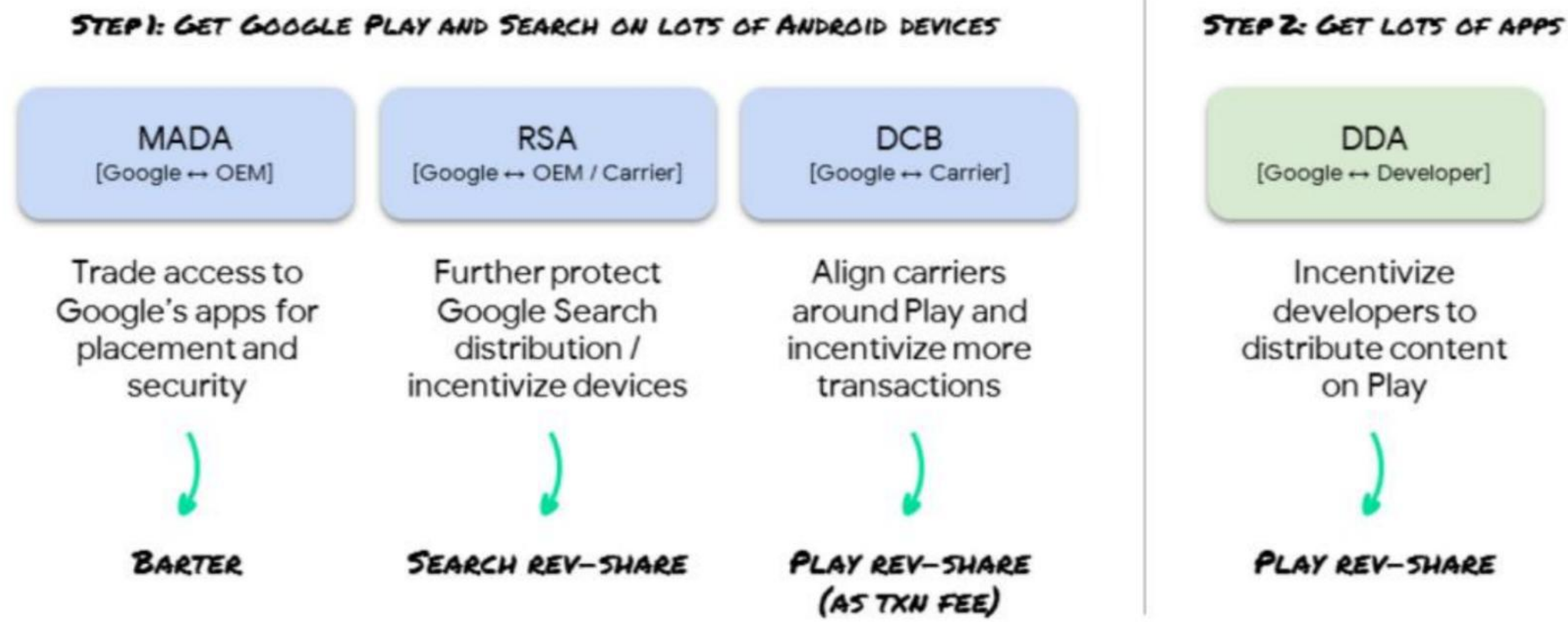
G

The 50,000 foot view:



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How that works in contracts + incentives today



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Partner incentives today are focused on search...

SEARCH

\$25B

(+26% y/y)

2018 Android
Revenue

\$2.9B

2018 Rev Share
Payments



PAID TO BOTH OEMS AND CARRIERS
BUYS US SEARCH ACCESS POINTS AND
INCREMENTAL PROTECTIONS

PLAY

\$7B

(+17% y/y)

2018 Play
Revenue

\$0.8B

2018 DCB
Payments



PAID TO ONLY CARRIERS
BUYS US A FOP; NO INCREMENTAL PROTECTIONS
FOR SEARCH OR PLAY

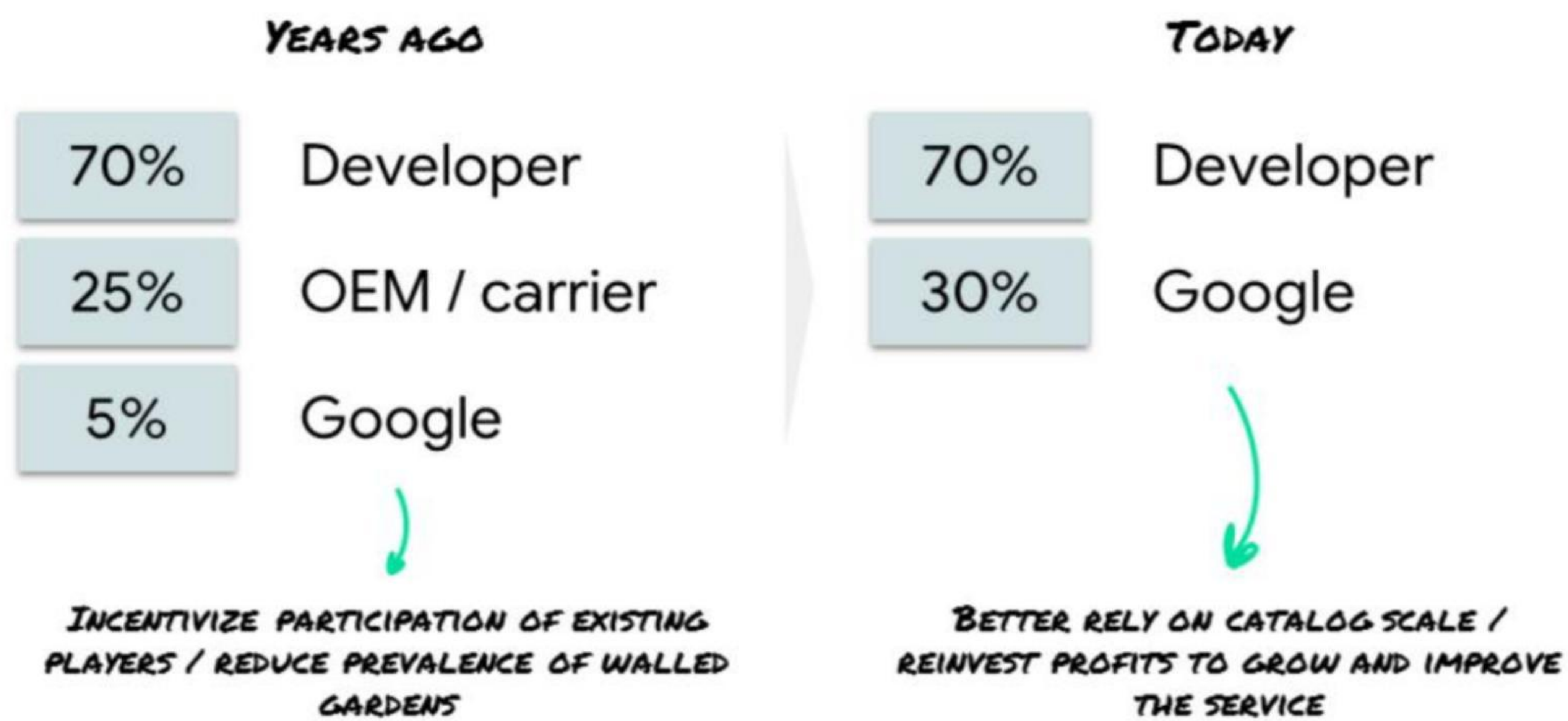
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... despite Play being larger in some markets

Key Regions	Search by Region	Y/Y	Mix%	Mix Y/Y	Play by Region	Y/Y	Mix%	Mix Y/Y	Dec'18 28DA	Y/Y	Mix%	Mix Y/Y
Global												
North America												
EEA												
Developed APAC												
Developing APAC												
L'EMEA												

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That core Play model has evolved in the past



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So why are we talking about this again now?

Pressure on the 70%
rev-share "tax"

Developers reaching the end of the
mobile gold-rush / pushing for higher
share (may result in regulatory pressure)

Android / app-store
consolidation

Single OEMs (e.g. Samsung) or groups of
OEMS (e.g. Aptoid on XOY) are building
significant distribution scale

Game developer
consolidation

Single developers consolidating a large
number of highly monetizing titles,
increasing risk of going-it-alone

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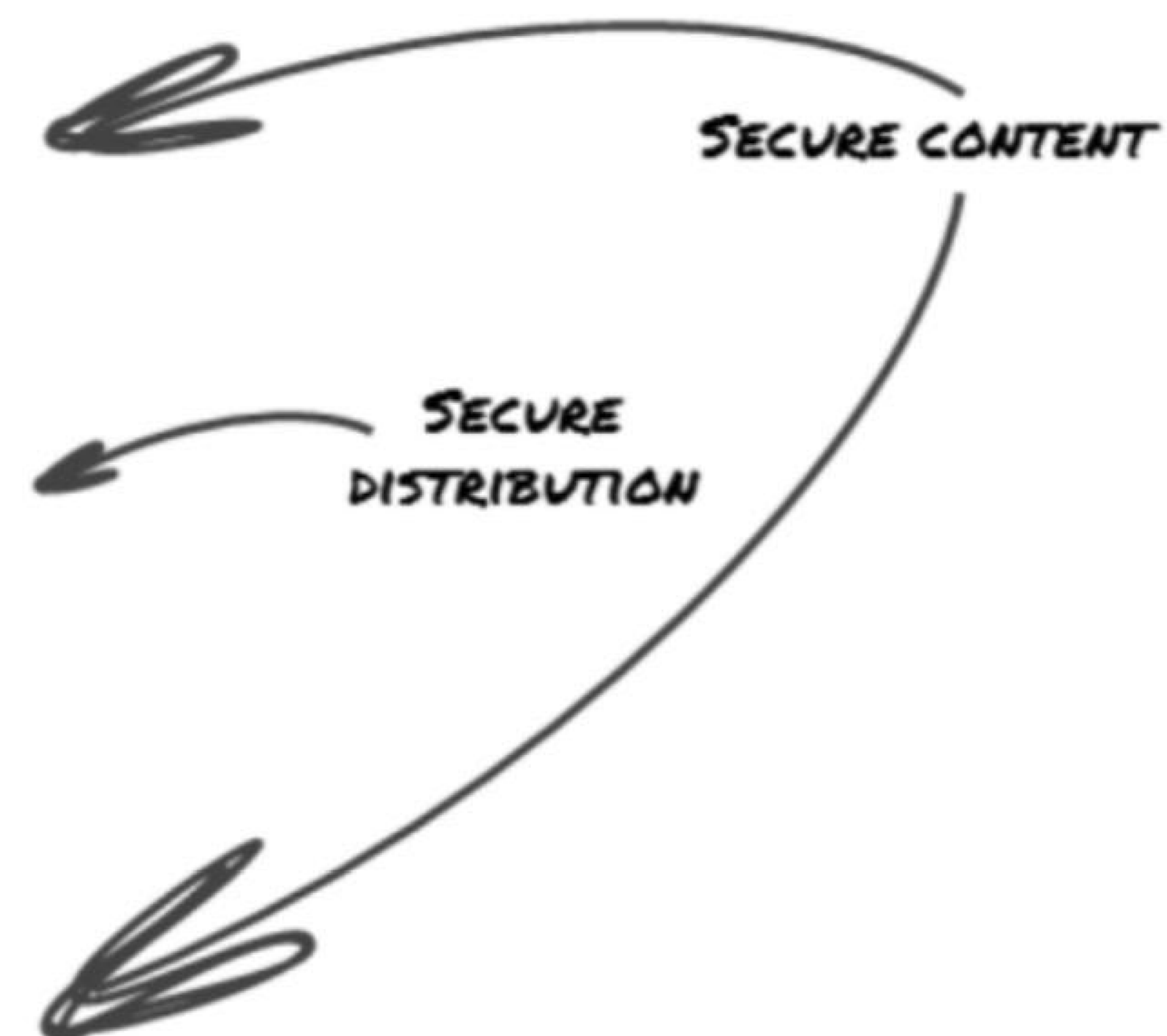
We have projects thinking about all of these...



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... all in different stages

Magical Bridge [REDACTED]	Assessing: Thinking through models [REDACTED]
Google-Forward (Incentivize OEMs to prioritize Play)	Approved: Up to 20% Play rev-share to OEMs that preload Play as the exclusive app store on devices
Hug (Incentivize devs to prioritize play)	Rolling Out: Large cross-Google deals for top-tier developers to prioritize distribution on Play



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All are direct margin dilutive, which makes us think...

1

SHOULD WE BE DOING ALL OF THEM? IS IT A QUESTION OF PHASING? PUT OUR BIGGEST BET BEHIND ONE OR TWO?

2

IS THERE SOME BROADER SOLVE THAT WE HAVEN'T THOUGHT ABOUT?

3

WHAT DO WE START DOING NOW TO BUILD NEW REVENUE MODELS?

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There's other revenue available in gaming...

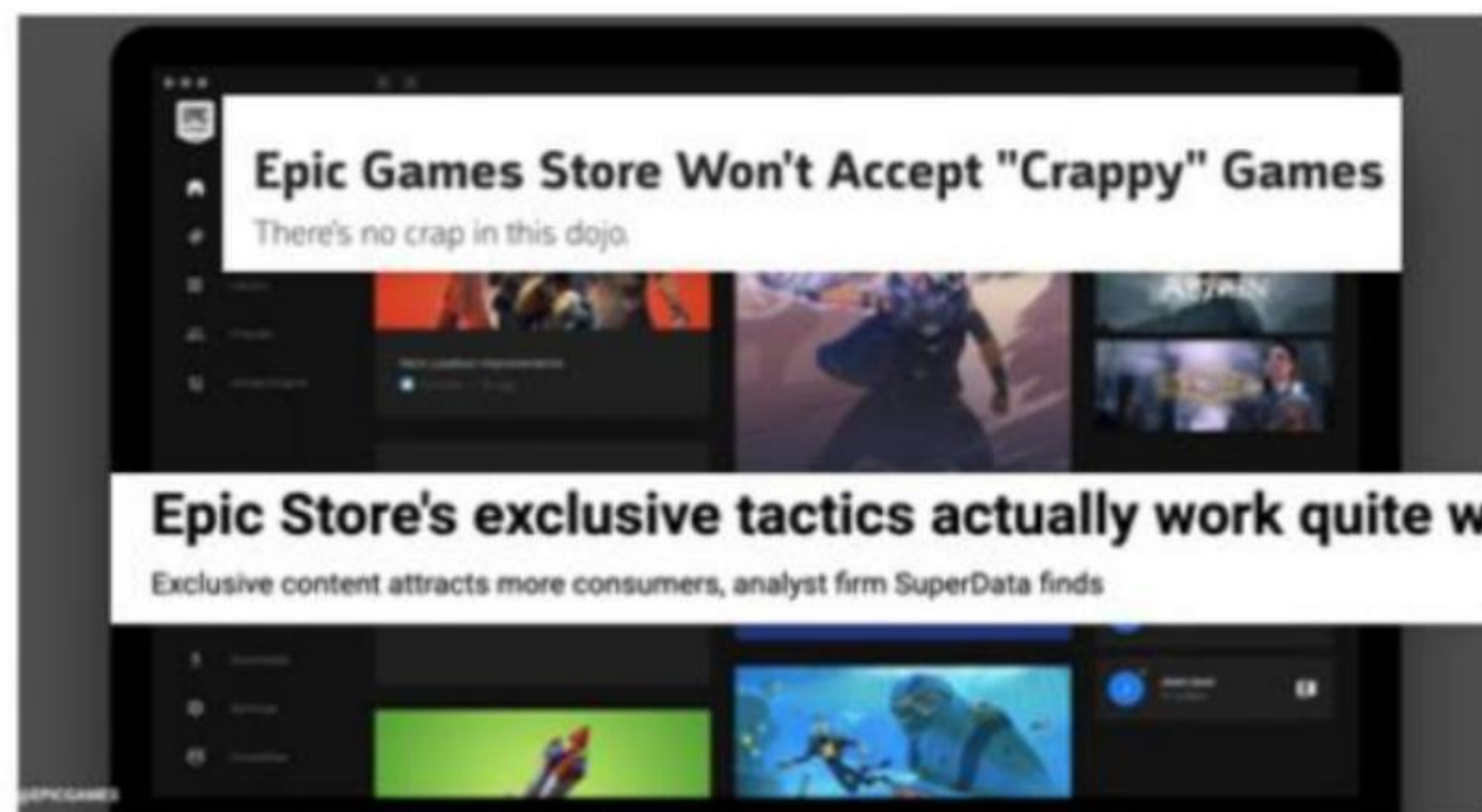
Development	Distribution	Engagement
<ul style="list-style-type: none">● IDE/Game Engines/Kits (Unity, Epic, etc.)● Prototyping services● Pre-release funding● Beta communities, QA, Monetization testing● Etc.	<ul style="list-style-type: none">● Form-factor extension / emulation● Streaming	<ul style="list-style-type: none">● Social (Discord, etc.)● LiveOps services● Esports assets● Etc.

As we do any of these, there's a decision to make: is this a way of further defending the 30% rate, or a new way of making money?

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Appendix - Some Trends

Exclusive Content, Bundling and Quality



Scarcity →

Galaxy Store: Everything Your Galaxy Device Needs,
Together in One Place

← More
games / \$

New Gaming Platforms Launching



Cross-platform games and services

Reducing complexity

GAMING

Achievements unlocked: Xbox Live is coming to mobile devices

Unity's Adaptive Performance gaming feature set for the Galaxy S10

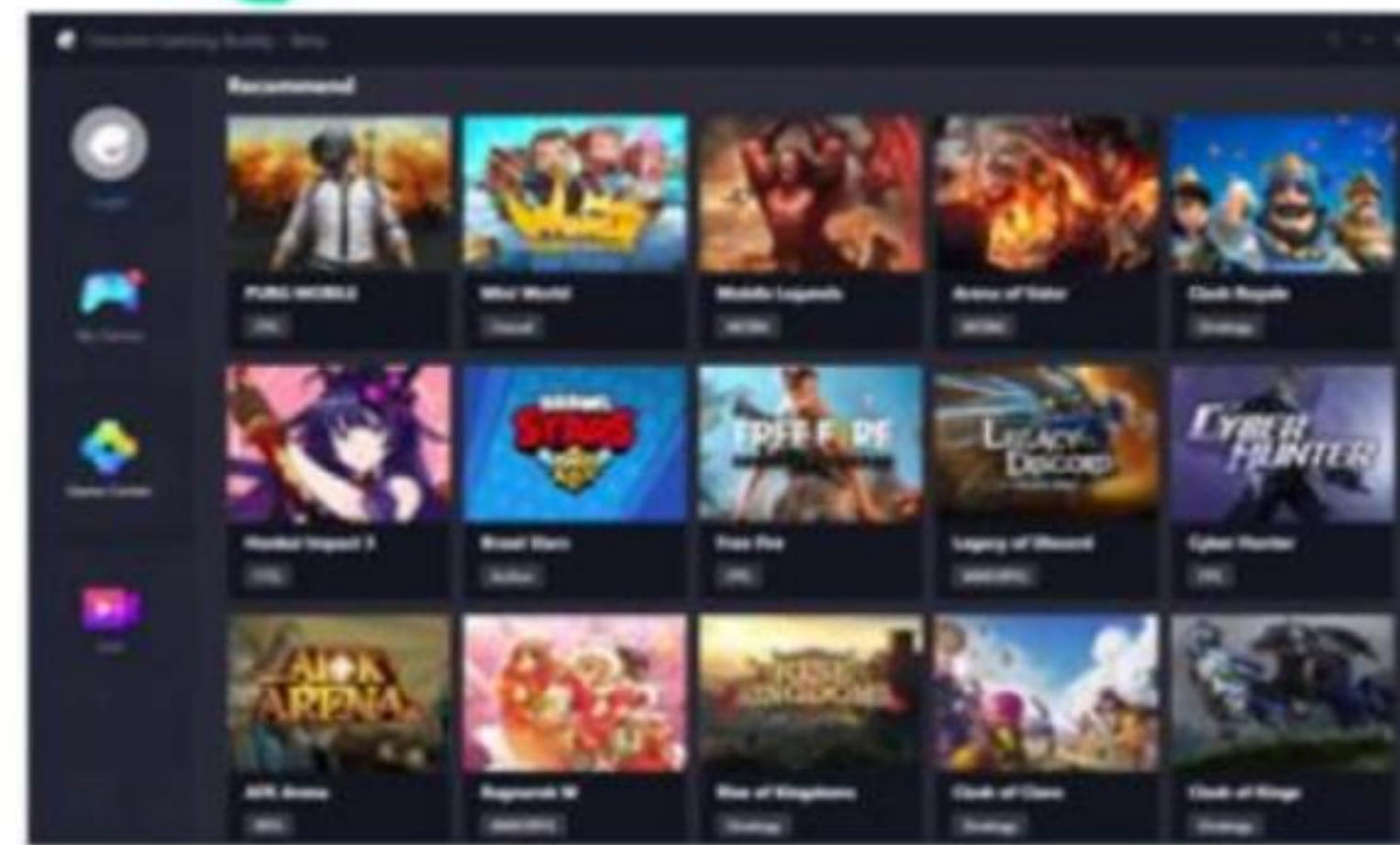
OPEN THE DOORS —

Epic opens *Fortnite's* cross-platform services for free to other devs

Online services SDK will roll out slowly through 2019.

Unity acquires Vivox, which powers voice chat in *Fortnite* and *League of Legends*

More reach



PUBLISH YOUR MOBILE GAMES TO STEAM
HOSTED BY VALVE and Google Play
Invitation Only

You can now stream Steam games straight to your Samsung TV

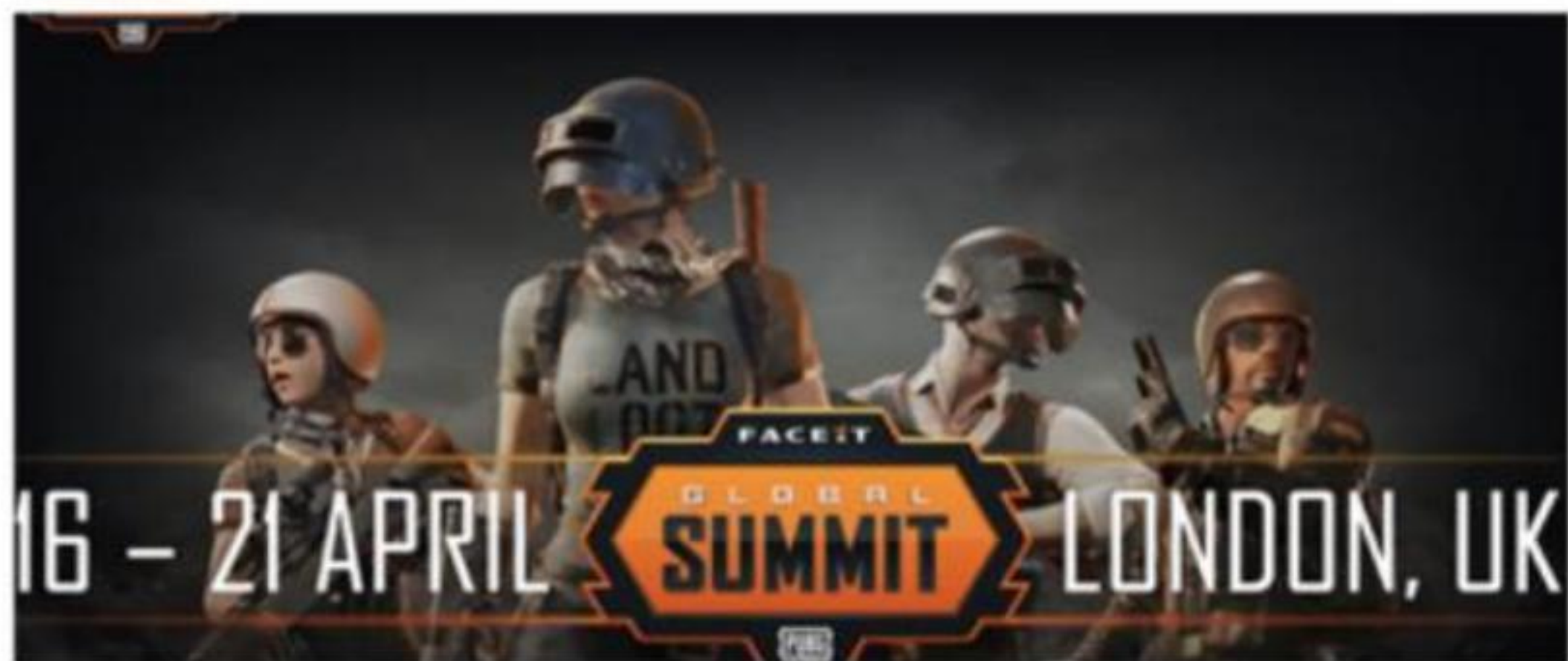
By Emma Boyle August 11, 2017 Gaming 93

GAMES

Sprint teams up with Hatch Entertainment to enable 5G mobile cloud gaming

Services that help games run across mobile, PC and console.
Emulation/streaming represent different distribution methods towards bringing mobile games to PCs

Building Audiences and Excitement (elsewhere)



TECH

Chat Startup Discord Tops \$2 Billion Valuation

The company plans to spend \$150 million to move into new areas, including selling videogames online

More competitive games are coming to Android - not pay to win, strategy is around building audiences through esports competitions. Discovery outside the ecosystem.

Social remains important - it's still hard to find someone to play with, and it's all about the communities a game forms around them (and less about individual friends)

Device Fragmentation / OEM Complexity

Epic Says Android is Too Inconsistent to Develop For Compared to iOS

+3,767    

"... problem is the tweaks that OEMs make to the internals of Android. For example... [Samsung S8 vs. Pixel 2]... both devices have around 4GB of RAM, but 1.2GB less of it was usable on the Pixel 2!"



BD Predictions in 2020

*What will be the 3 most common asks from
partners in 2020?*

More AAA Devs / IPs Coming to Mobile



CALL^{OF}DUTY



How can Play help AAA devs become successful on Android/Play?

Players Can Play Anywhere



as a result...

- Players will likely use unique sign-ons
- Other platform choices will emerge (emulators?)
- More options to pay to enhance gaming experiences?

How will Play support developers with platform agnostic games?

“Older” Live Games Continue to Grow

DEAR PLAYERS

Grand Theft Auto Online’s Casino sets new player count highs

Biggest jolt to the game since its 2013 launch, says Rockstar

By [Chris B. Gaud](#) | Aug 1, 2019, 11:00am EDT

14

GAMING

'CLASH OF CLANS' 7TH ANNIVERSARY ADDS BIRTHDAY SURPRISE & PARTY WIZARD

BY [CHRISTOPHER GROUX](#) ON 8/3/19 AT 11:00 AM EDT

VIDEO \ ENTERTAINMENT \ TECH \

Fortnite’s mecha-monster battle was its most impressive and cinematic live event yet

Where’s the Fortnite movie already?

By [Nick Datt](#) | [@nickdatt](#) | Jul 20, 2019, 2:50pm EDT

PC GAMING

Rainbow Six: Siege is still Ubisoft’s live-service darling

BY [GUY CARNE](#) | [@guycarne](#) | JULY 17, 2019 10:41 AM

GAMES

Activision Blizzard snacks on another strong quarter of Candy Crush growth

[JASON WILSON](#) | [@JASON_WILSON](#) | MAY 2, 2019 1:58 PM

GAMES

Star Wars: Galaxy of Heroes reaches 80 million players since 2015 debut

[MIKE MINOTTI](#) | [@TOLKOTO](#) | JULY 30, 2019 1:44 PM

Can Play deliver similar value for “older” live games as it does for new games?

How big is Google Play's
Gaming business
today?



Opportunity?



Only [REDACTED] Play users spent >5 mins playing games last month



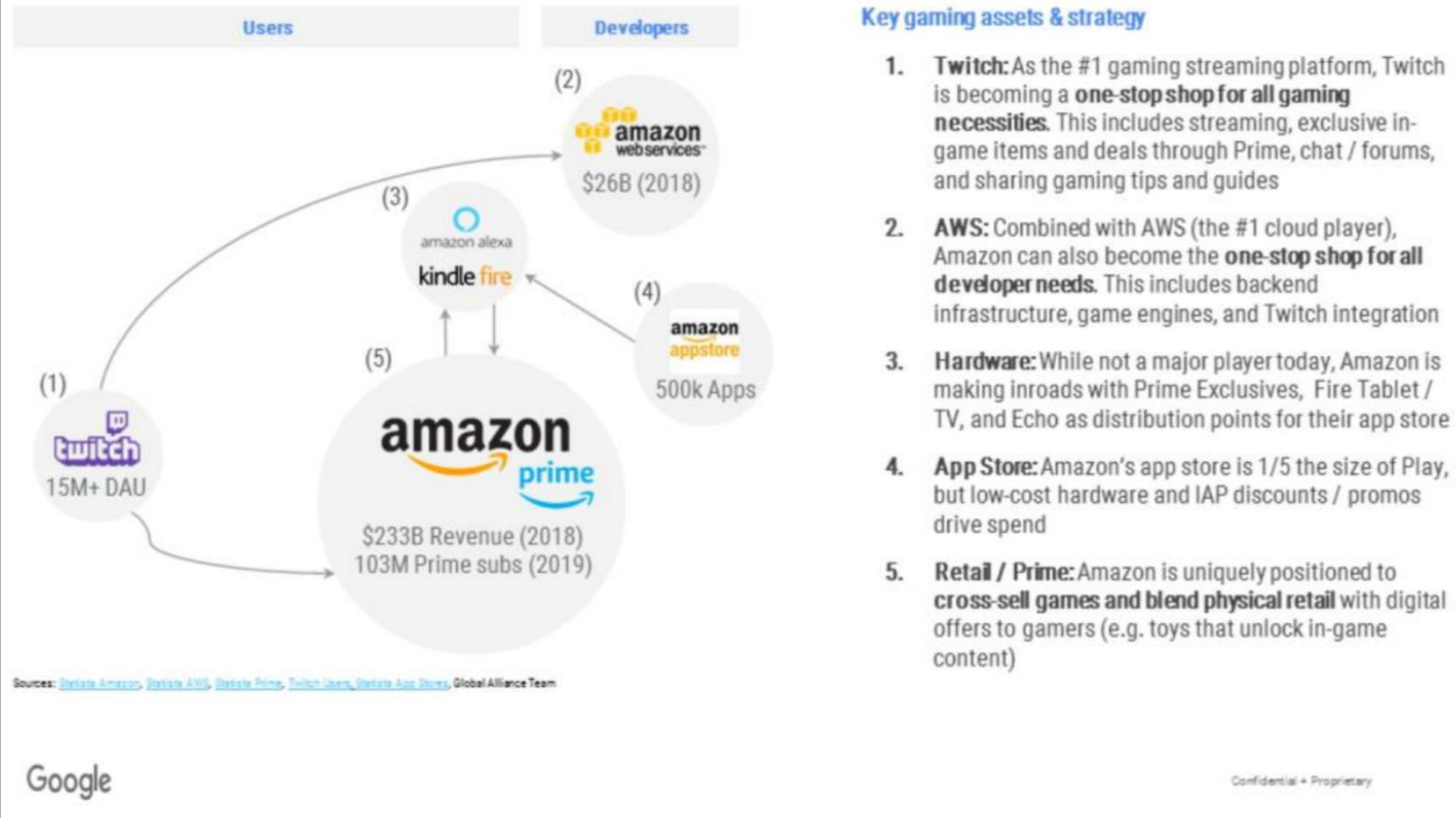
[REDACTED] of Play users spent \$ on games in last 28 days (!!!)

Ecosystem Players

Many ecosystem players are investing in gaming assets and capabilities not just to win in gaming, but also to use gaming to grow their core business....what about us?

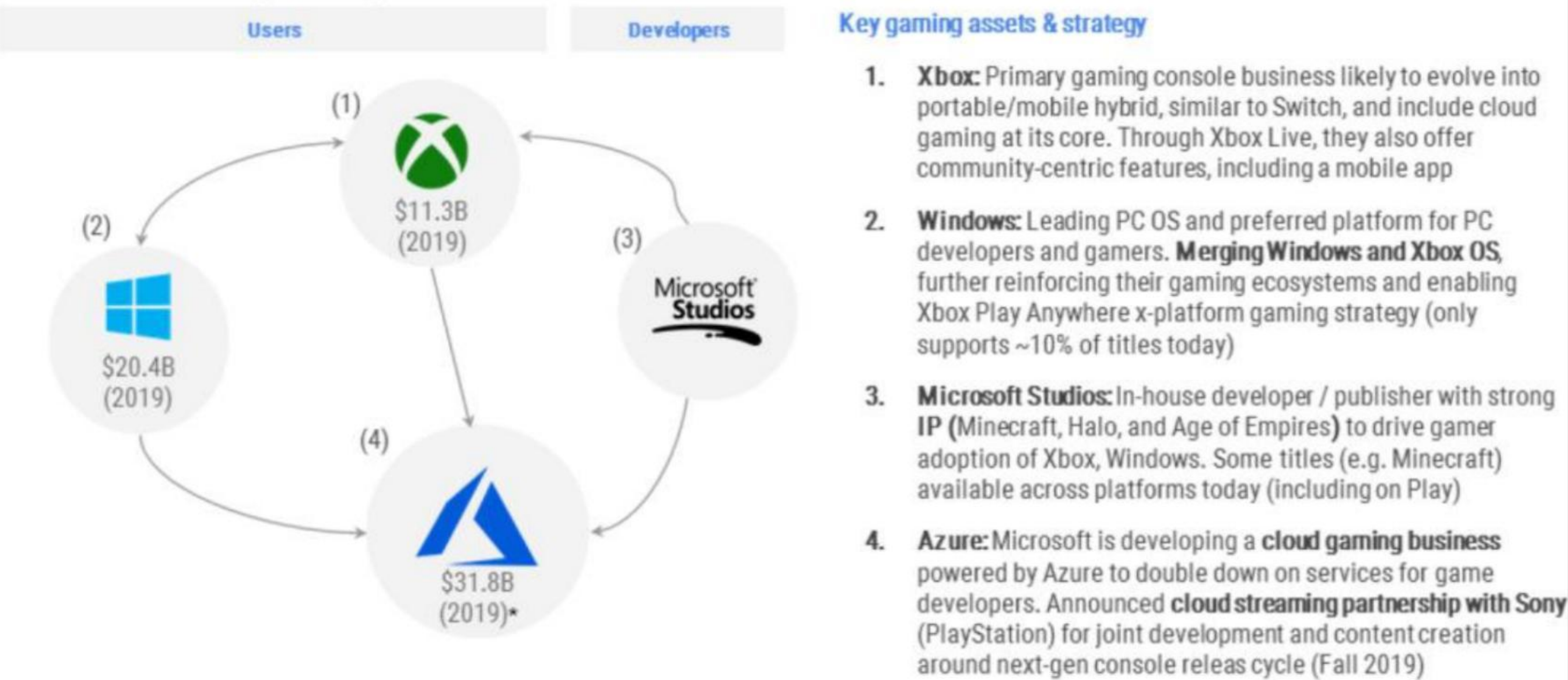


Amazon is investing in a full suite of cloud tools for developers and building communities for users to reinforce their ecosystem value and retail business



Amazon - Services oriented, developer stack. Twitch harnesses game communities. (why? Because core biz is AWS/retail)

Microsoft’s expertise in PC and console gaming combined with Azure generating a shift towards cloud gaming in Fall 2019

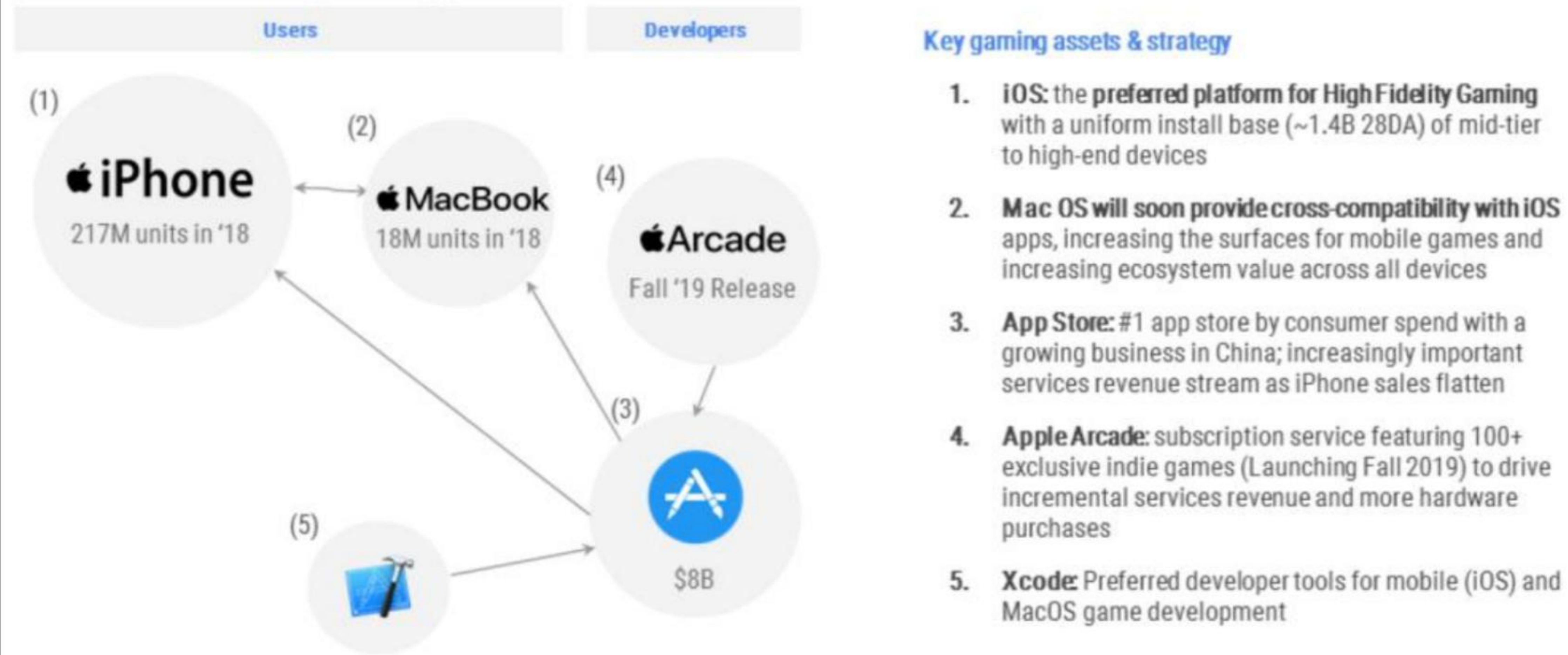


Sources: Statista Microsoft Revenue, Forbes Microsoft Cloud, Xbox Companion App, Xbox Play Anywhere, MSFT + Sony Partnership; Note: Includes MSOffice products

Google

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Gaming is a key differentiator and driver of services revenue as iOS continues to be the preferred mobile gaming platform for devs and users



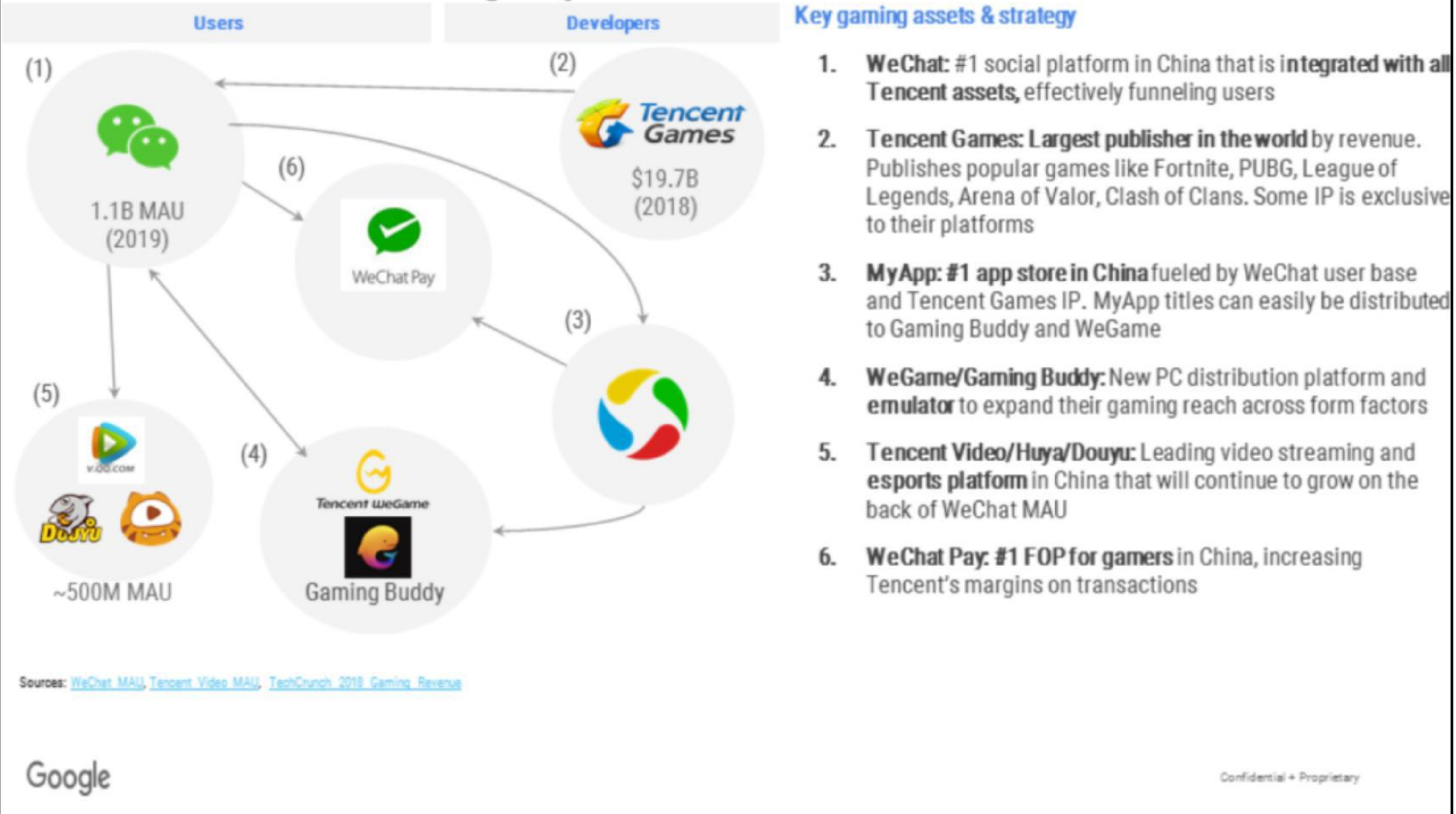
Sources: [Statista iPhone Unit Sales 2018](#), [Newzoo 2018 Revenue by Company](#)

Google

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Apple - will be for games, what they are for music. All apple devices are effectively game oriented phones. (why? Because core biz is HW. Camera focus will be less of a differentiator, games will be their future diff)

Tencent is the prime example of a vertically integrated gaming experience with assets across the value chain working in sync



Tencent as examples (core biz is VC - owns all the top game developers, owns stake in social products (WeChat), and “owns” China... bring together pieces through investment)

Valve's success in PC distribution comes from their focus on creating the best gamer lifecycle experience, through sticky communities and invaluable IPs














































Sources: [Statista Steam Revenue](#), [Steam Link iOS download](#)

Google

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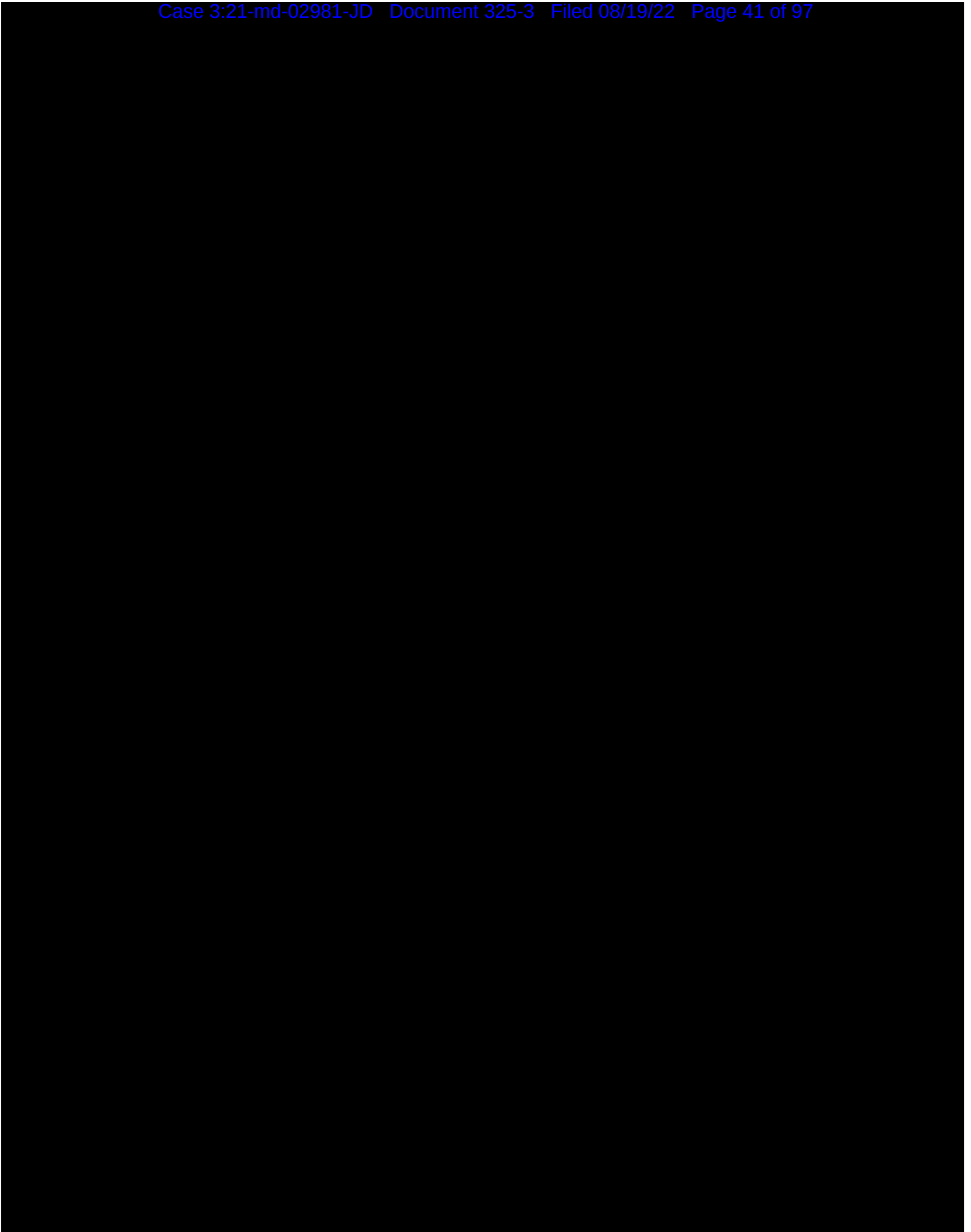
Google already has many desirable gaming ecosystem assets, however today they are fragmented

		Google	Amazon	Microsoft	Apple	Tencent	Valve	Others
Upstream	Dev Tools							
	Publishers							
	Distribution							
Gamer Lifecycle Engagement	Hardware							
	Discovery							
	Choice							
	Immerse							
	Payment							
	Reward	<i>Play Points</i>						
	Events	<i>VSPN Ptn.</i>						

REDACTED VERSION

Exhibit A20 to C. Cramer Declaration

EXHIBIT 29



	<p>Play:</p> <ul style="list-style-type: none"> Chinese OEMs have alternative stores preloaded on ~80% of Android devices, and have a meaningful overlap with Play offering; Huawei working on their own OS Samsung ramped up investments into their own store with S10 launch If Play is less relevant for OEMs, MADA protections may be at risk (leading to higher TAC) <p>Apps/ Clean UI</p> <ul style="list-style-type: none"> Chinese OEMs have ~90% services overlap with GMS apps and are at an inflection point on expanding their services outside China & India, e.g. iOS users expect cohesive set of services incl. Messages, Photos, Music, Mail, etc. and view lack of unified offering on Android as a deterrent for switching <p>Android reach</p> <ul style="list-style-type: none"> Android share is under pressure in US (lost 6ppt in 2018; 2% DAU decline), and developed markets where most of last year's Android gains were driven by Huawei; Huawei ban puts ~250M shipments at risk over 2yrs
Partner overview	<p>We plan to move all current RSA partners to GDAF over the next 2 years.</p> <p>We see the highest urgency to switch to stock UI as they are at a critical decision point for their services expansion outside India (where they monetize these aggressively, earning an estimated \$1B in revenue in 2018).</p>
Financial summary	<p>Aggregate over the 2-year deal term (2020-2021 figures below),</p> <ul style="list-style-type: none"> Search revenue share of \$1.2B (TAC) Play revenue share of \$1.2B, to be paid out as revenue share or lump NRE payment <p>At steady state in 2023 (full ramp of coverage),</p> <ul style="list-style-type: none"> Annual Search revenue share of \$1.2B (TAC) Annual Play revenue share of \$1.2B <p>Compared to status quo, aggregate over the 2-year time period (2020-2021 below), incremental payment, driven by:</p> <ul style="list-style-type: none"> Increased device enrollment \$1.2B Mix shift \$1.2B Increase in revenue share rate \$1.2B <ul style="list-style-type: none"> Carriers: \$1.2B Introduction of Play payment \$133M, to be paid out as revenue share or lump NRE payment <p>Compared to status quo, in steady state in 2023, incremental payment, driven by:</p> <ul style="list-style-type: none"> Increased device enrollment \$1.2B Mix shift \$1.2B Increase in revenue share rate \$1.2B <ul style="list-style-type: none"> Carriers: \$1.2B Introduction of Play payment \$133M, to be paid out as revenue share or lump NRE payment
	Considering offering top strategic partners

Termination rights	Standard termination rights, no changes from RSA 2.0
Exclusivity	Tiered exclusivity provisions
Liability caps & indemnities	No changes to standard RSA terms
Is your deal with, or implicate directly or indirectly, a special category of partners?	No
Does this deal involve Assistant (OPA)?	Yes
Is this deal with the customer/partner being negotiated jointly or in conjunction with another deal with the customer/partner in a separate product area?	No
Does this deal commit Alphabet to spend money with or for this customer/partner?	No

Risks and Mitigation

Risk	Description	Mitigation	Accountable
increasing Google TAC			████████@

Financial overview



Success Metrics

% Devices covered with protections for search, feed, Play and Assistant	
Expected Performance	Increase RSA device coverage from the current ~57% to 100%
Date of Reporting Availability	2020-01-31



Cross-Functional Stakeholder Feedback

Function Required stakeholders shown in green	Feedback / comments <<please enter LDAP: please enter comments>>
Sales / BD <div style="background-color: black; width: 100px; height: 15px; margin-top: 5px;"></div>	Pros: <ul style="list-style-type: none"> Promotes a healthy partnership by creating go big scenarios Aligns incentives in an efficient way for our most strategic partners Gives flexibility to partner to optimize for their own needs while giving Google key protections Cons: <ul style="list-style-type: none"> <div style="border: 1px dashed black; padding: 5px; display: inline-block;"> Redacted - Privilege </div> Incentives partners most in high monetizing countries, in lower monetizing countries -- we may need to strike bounty deals for other apps
Legal <div style="background-color: black; width: 150px; height: 20px; margin-top: 5px;"></div>	<div style="border: 1px dashed black; padding: 20px; text-align: center;"> Redacted - Privilege </div>

Comment [1]: [REDACTED]@google.com for inputs (BC x-functional feedback)

Comment [2]: [REDACTED]@google.com

Please review and adjust as you see appropriate

Finance 	<p>Pros:</p> <p>(1) Increases Android device integrations with Search / Assistant / Google apps (e.g. GBoard, Comms)</p> <p>(2) GDAF incentivizes adoption of Google Forward phones with a clean UI. An analysis of Google Forward phone monetization in select European countries has shown positive revenue uplift (3-5 ppts).</p> <p>(3) Google forward tier offers a way to scale distribution of services that are otherwise secured via individual bounty deals, reducing overhead and at a discount in many cases.</p> <p>(4) There are tradeoffs in introducing Play revenue share to partners (cons below), but we believe benefits outweigh drawbacks: a) pays on Play for securing exclusivity, b) incentivizes CN partners at critical juncture to lean into Android to better compete against Apple.</p> <p>Cons (Risks & Mitigations):</p> <p>(1) Pays revenue share in EEA where we have user choice, but we will only pay when users choose Google, and increases the hurdle for rivals to block us out completely.</p> <p>(2) Increased margin and TAC pressure, but a) offers Search integration and Play exclusivity (thus protecting revenues), and b) provides partners more cash to better compete with Apple as device margins squeeze. Google Forward devices may drive search revenue uplift and cost savings from reduction in bounty deals.</p> <p>(3) Play revshare is currently unable to be tracked systematically and will require lead time to get setup. However, negotiations and device lead times will provide some buffer to get operationally setup.</p> <p>(4) Offering revenue share on Play will potentially expose how we monetize. We will mitigate by a) negotiating lump sum payments where we can, and b) grouping Search and Play revshare checks together to obfuscate.</p>
Product 	<p>Pros:</p> <ul style="list-style-type: none"> • Secures exposed access points not protected by MADA (browser, assistant) on more devices • Aligns rapidly growing CN OEMs with Google before they pass the pivotal moment in 1P services growth (e.g. • Introduces a meaningful services revenue component for non Chinese OEMs to enable them to better compete in the market • Creates opportunity for Google and OEMs to collaborate on a cohesive services offering (powered by Google), and promotes Android and Google by advancing cleaner, more secure, fresher UX • Ensures carriers are invested in Android's success <p>Cons:</p> <ul style="list-style-type: none"> • Increases TAC and introduces a precedent for Play revenue • May slow down individual app deals in the short run, which is mitigated by close coordination between Android and app BD teams

APE [REDACTED]	<p>Pros: [REDACTED]</p> <p>Consolidation of app-specific bounties into GDAF will simply overall enforcement.</p> <p>Portfolio commitment to base tier would be commercially beneficial to Google</p> <p>Backend MG is easier to track than upfront (but would still require manual financial tracking)</p> <p>Cons: [REDACTED]</p> <p>1) Play revshare tracking has only been done in the context of purchase amounts, not ads, and even that has not been in use outside of DCB to carriers for years. Need to understand applicable scope (type of revenue and applicable FOPs) to determine feasibility.</p> <p>Redacted - Privilege</p>
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Privileged and confidential - do not share outside of Google.
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FILE UNDER SEAL

**Exhibit A21
to
C. Cramer Declaration**

REDACTED VERSION

Exhibit A22 to C. Cramer Declaration

EXHIBIT 36

Boosting Top Game Developer Support & Securing Play Distribution on Samsung Devices

April 9, 2019

ATTORNEY CLIENT PRIVILEGED AND CONFIDENTIAL // REFLECTS LEGAL ADVICE

CONTENTS

Executive Summary

Context & Mobile Gaming Trends

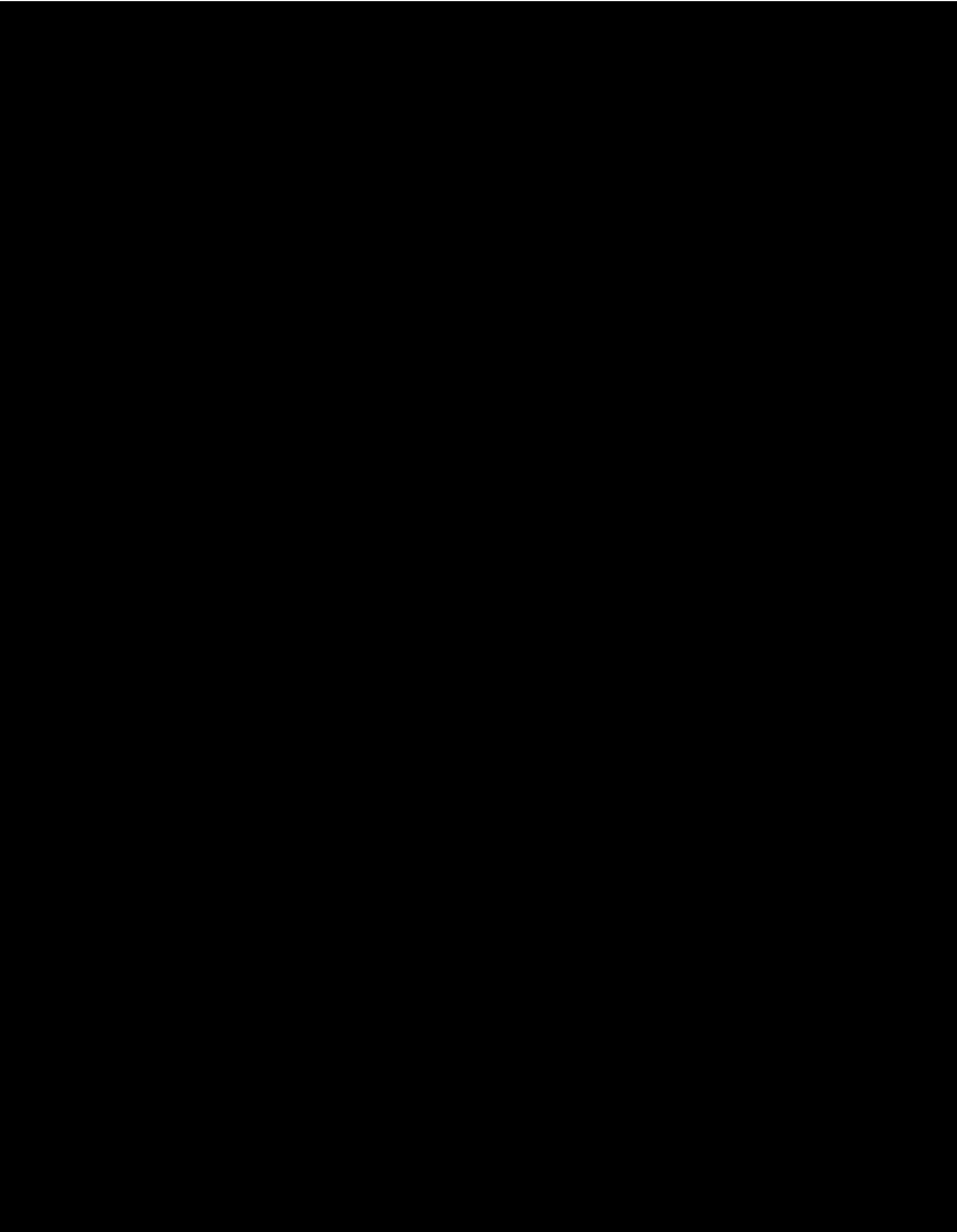
Risks

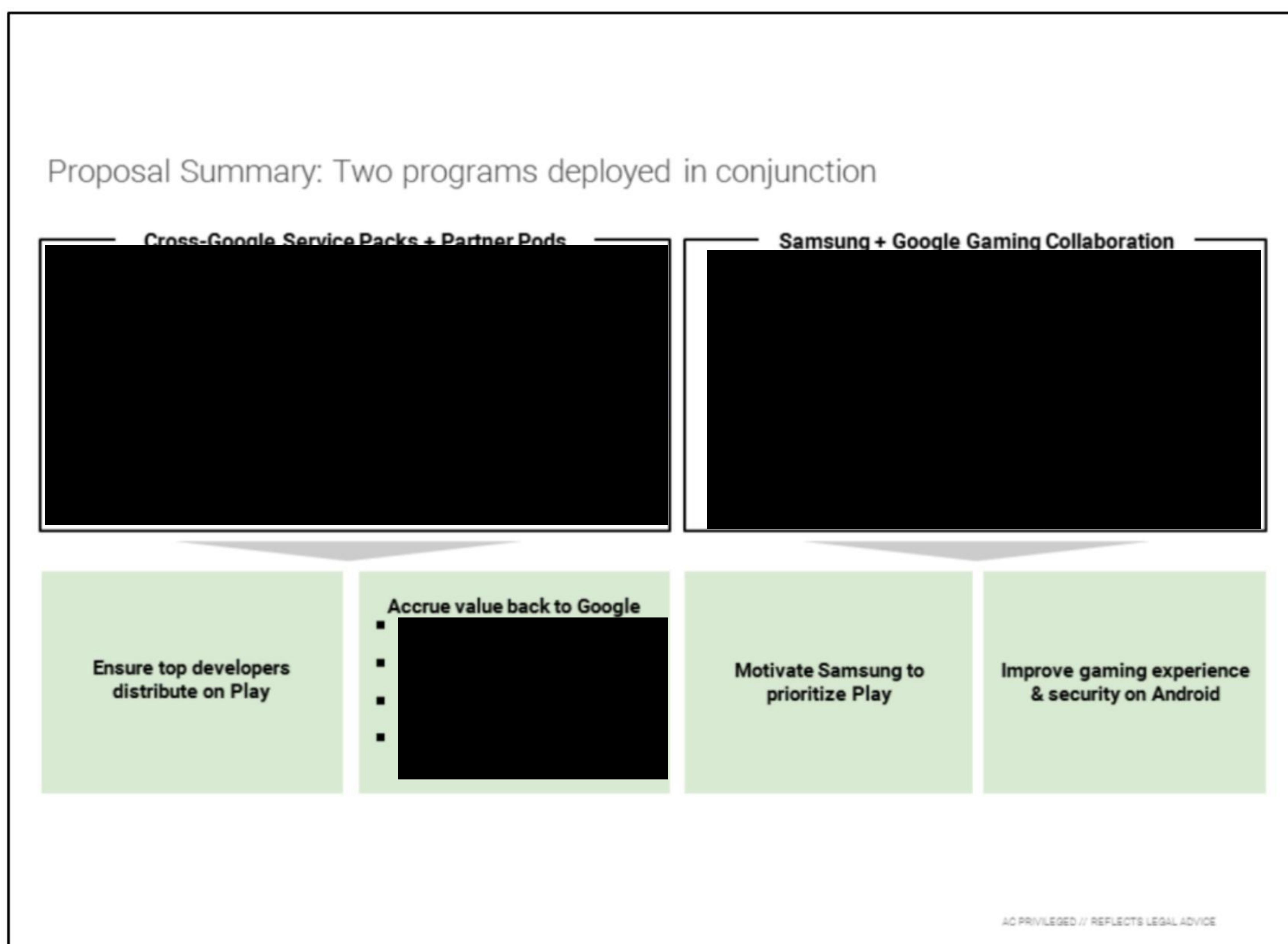
Program Proposals

1. Top Game Developers
2. Samsung

Financial Summary

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Both programs are needed

Need to invest in top devs now to ensure imminent launches happen on Play and reduce noise

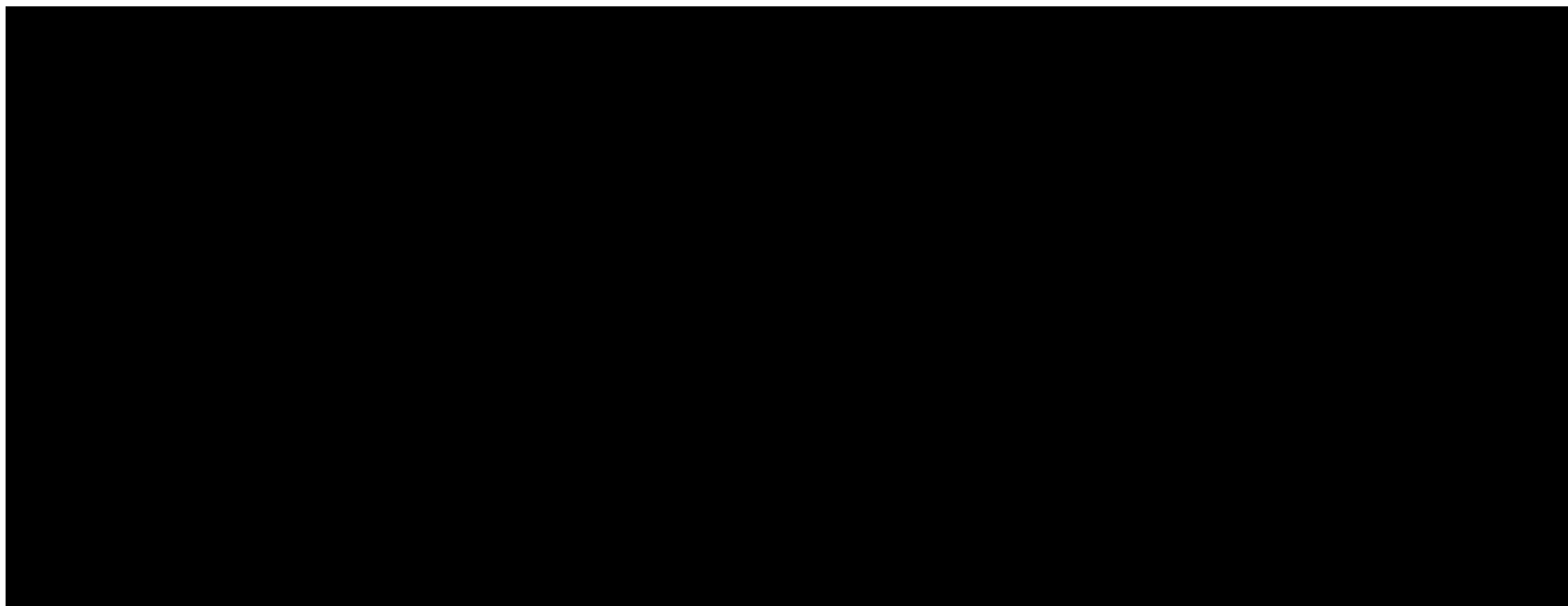
Samsung is aggressively pursuing gaming, and indicated they're open to partnering with us (but a deal will take time to negotiate and implement)

Note: We're also beginning to explore ways to reduce 'app store tax' sentiment across the developer ecosystem, via new business model concepts

Context

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Play's business is concentrated among top developers, and on Samsung devices



The loss of top developers, either to competitors or by 'going-it-alone' on Android, would significantly impact Play's business

**Tencent investment*

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- HVUs: [REDACTED] of buyers spend [REDACTED] of app & game spend
- Samsung concentration of [REDACTED] reflect 2018 actuals. Concentration is even higher in few key Play markets, eg, KR

Recent ecosystem trends

Competitors Aggressively Pursuing Gaming



*Tencent investment

“App Store Tax” Meme Emerging

Apple and Google Face Growing Revolt Over App Store ‘Tax’

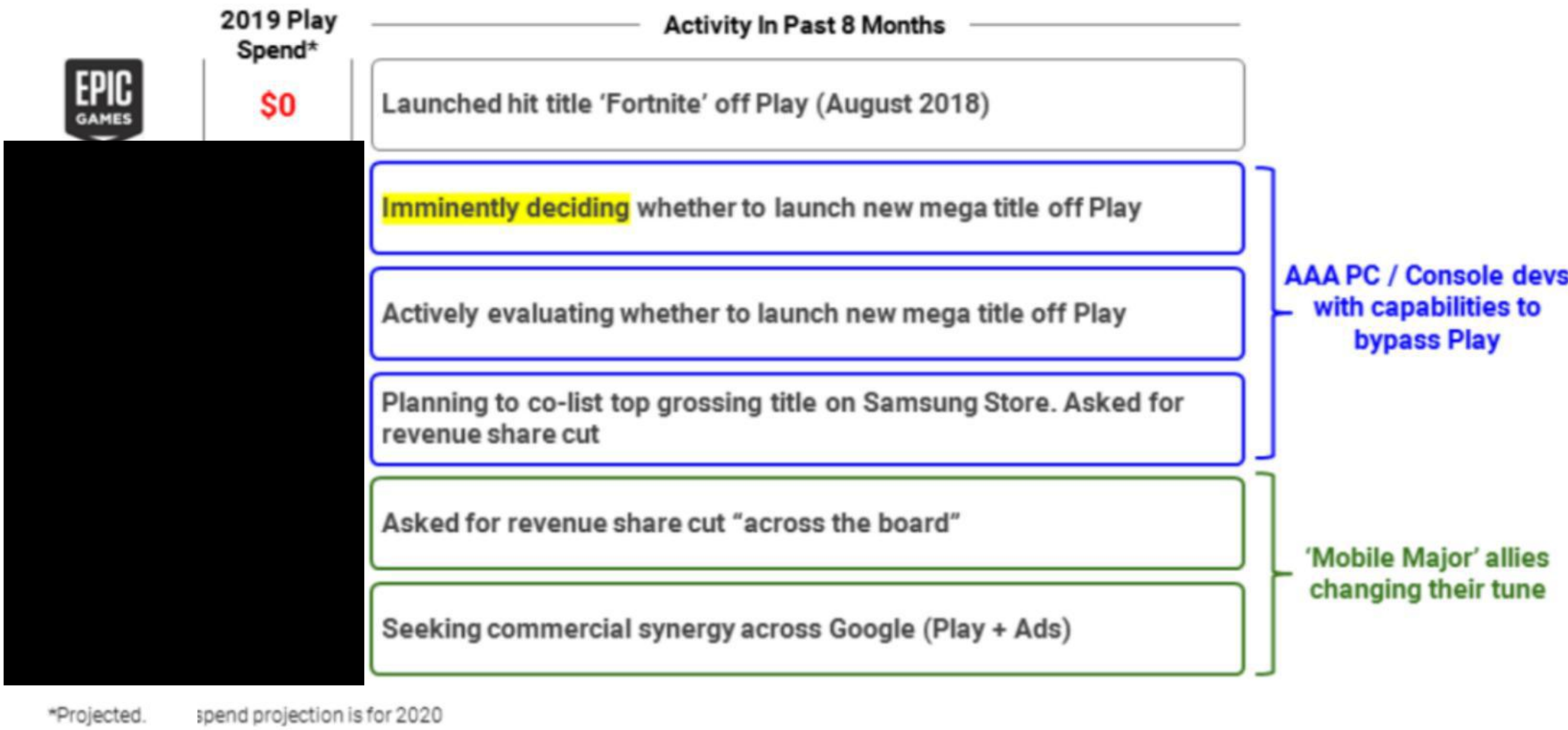
Opinion: Google’s 30% cut of Play Store app sales is nothing short of highway robbery



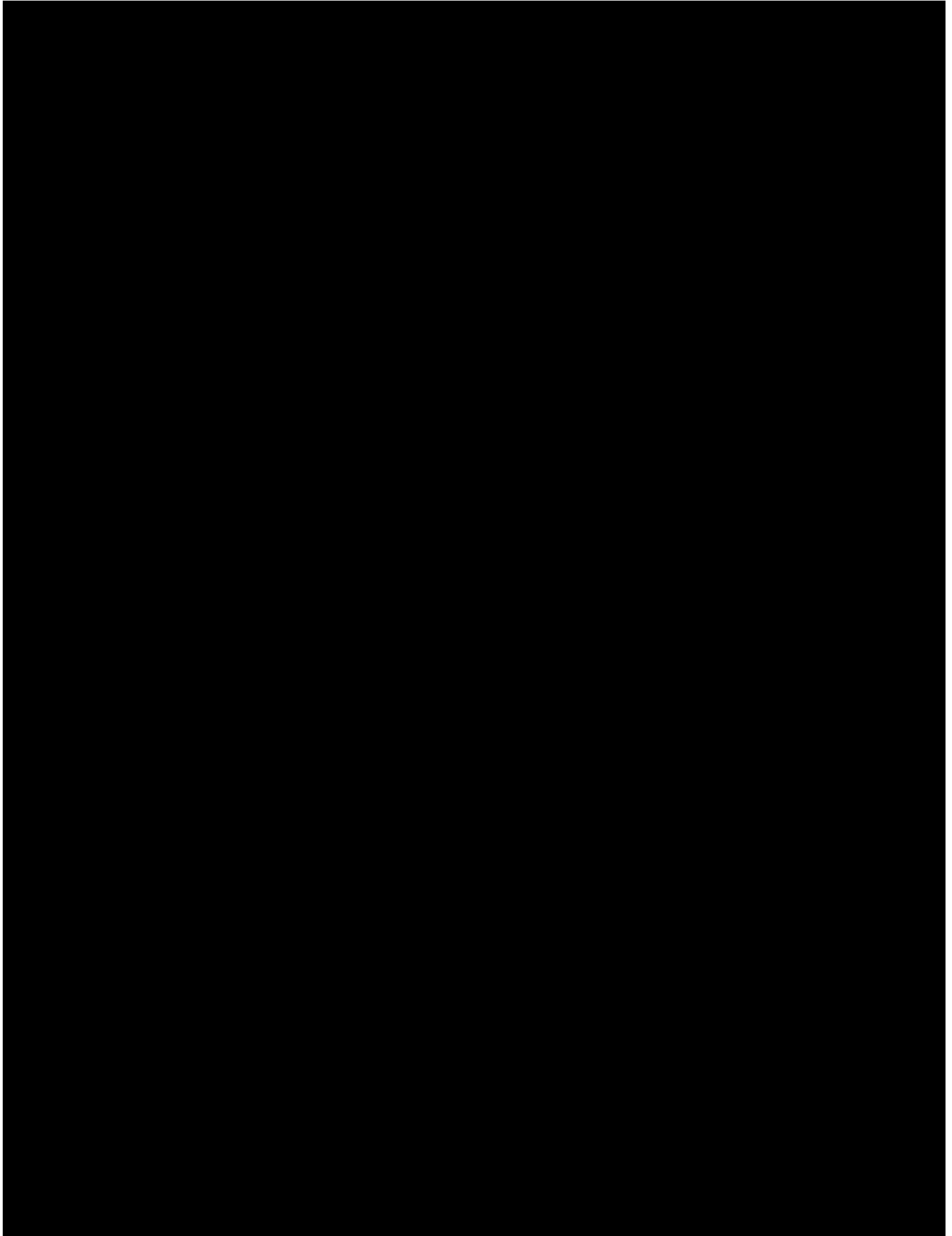
APPLE IMPOSES A DISCRIMINATORY 30% TAX
Apple taxes competitors to advantage their own services

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Major developers are increasingly considering distribution off Play. They also express discontent over Play rev share, and lack of unified Google offers / support



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TWO PROPOSALS

Top Developers

Samsung

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Proposal: Unify and boost Google's value proposition to target developers, via expanded offers and service level



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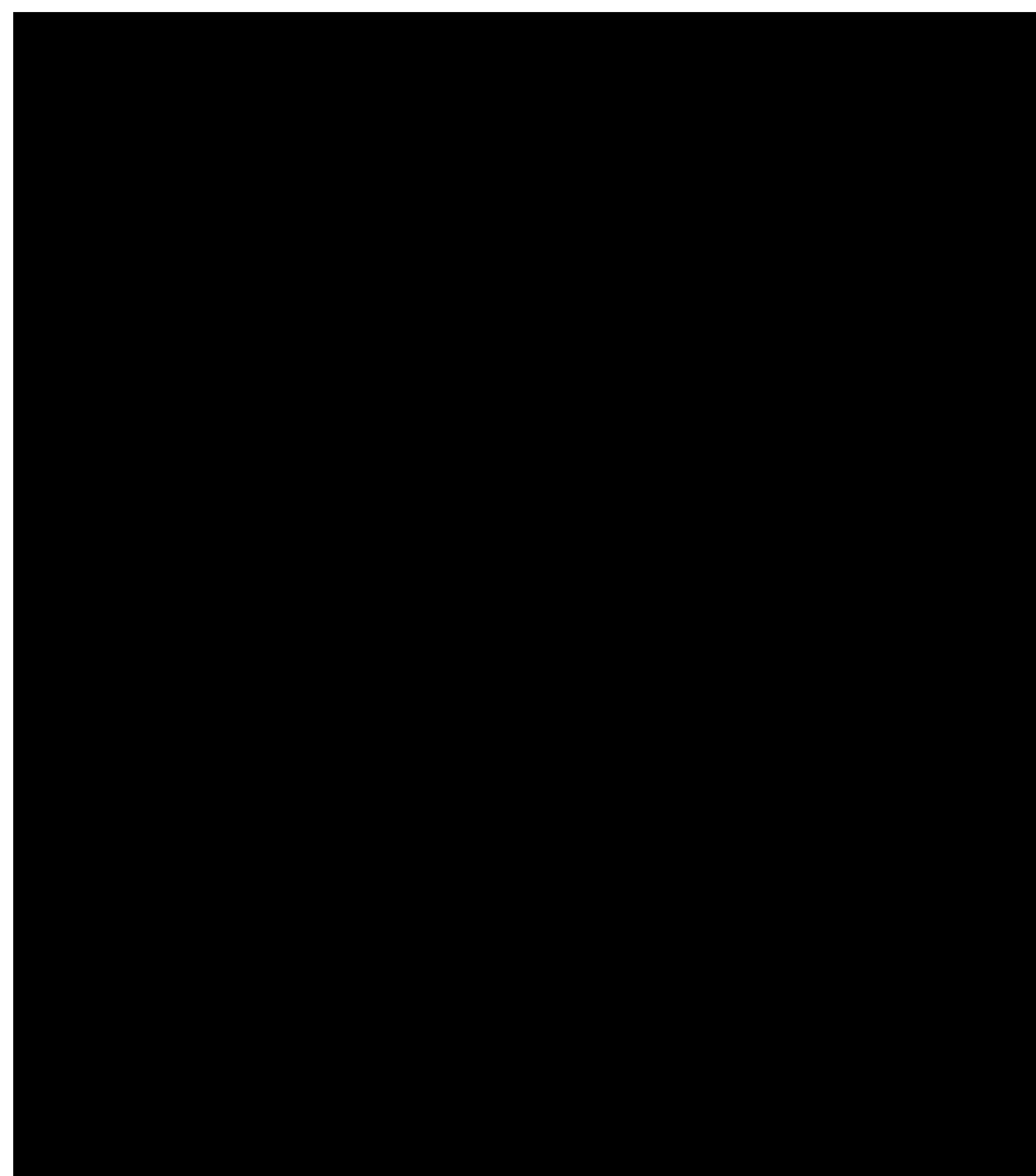
Improve sentiment about (1) Play revenue share, (2) building high-fi games for Android, and (3) Google's gaming value proposition
Android: reduced app distro fragmentation

Cross-Google Service Pack Offering (Program Details & Asks)

Offer to Developer	Primary PA Success Metric
[REDACTED]	

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Target Developers



Drive disproportionate value to Google
(\$8B 2019 Play Spend projected; \$XX X-PA rev)

Beacons of the ecosystem

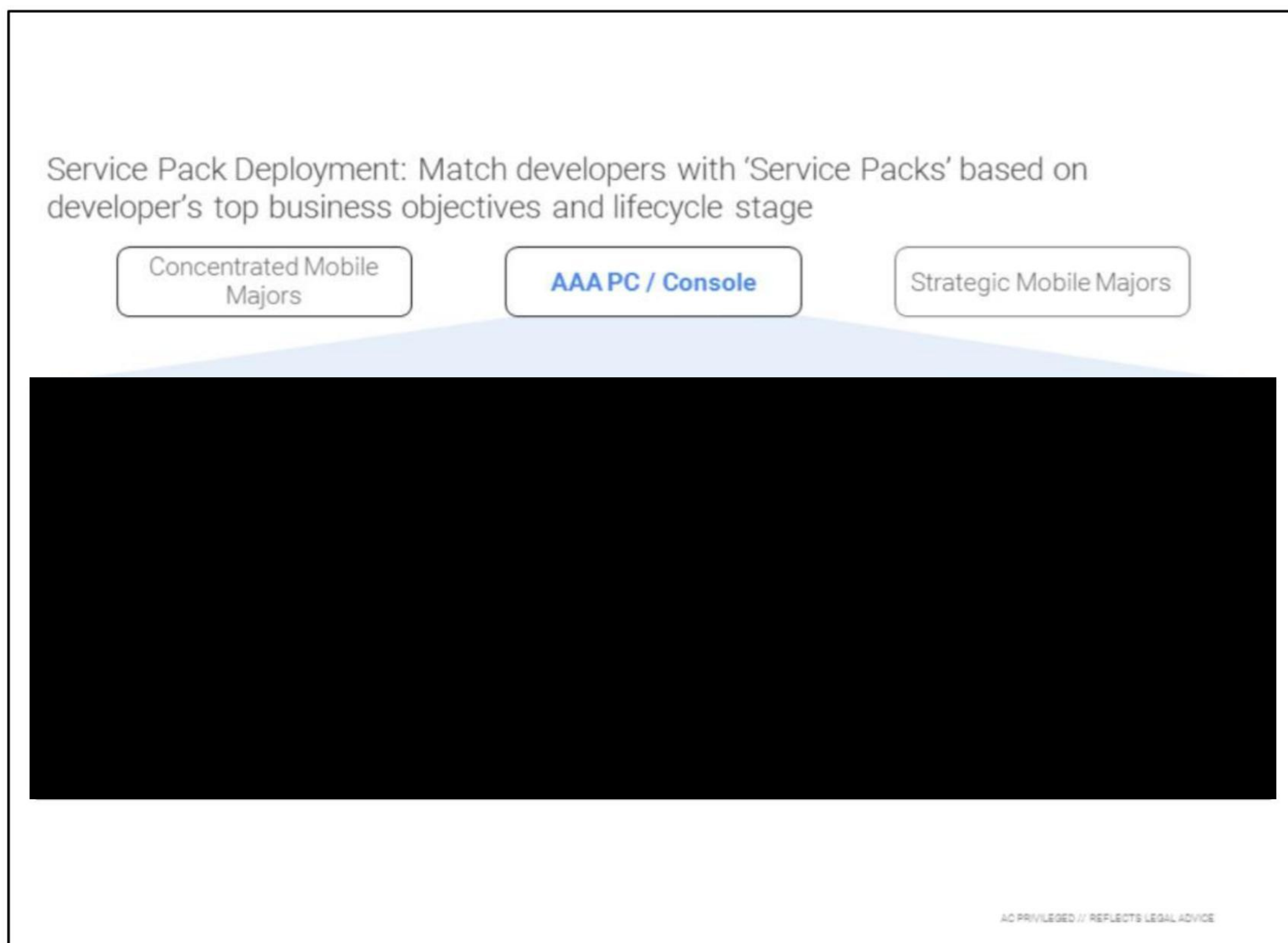
**Expressed discontent over Play rev share
and lack of unified support from Google**

May forgo Play (& Android)

- Upcoming major new title launch
- Difficulty delivering hi-fidelity games on Android
- Capabilities to 'go-it-alone' on Android

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[Dev List](#)



[More developers](#)

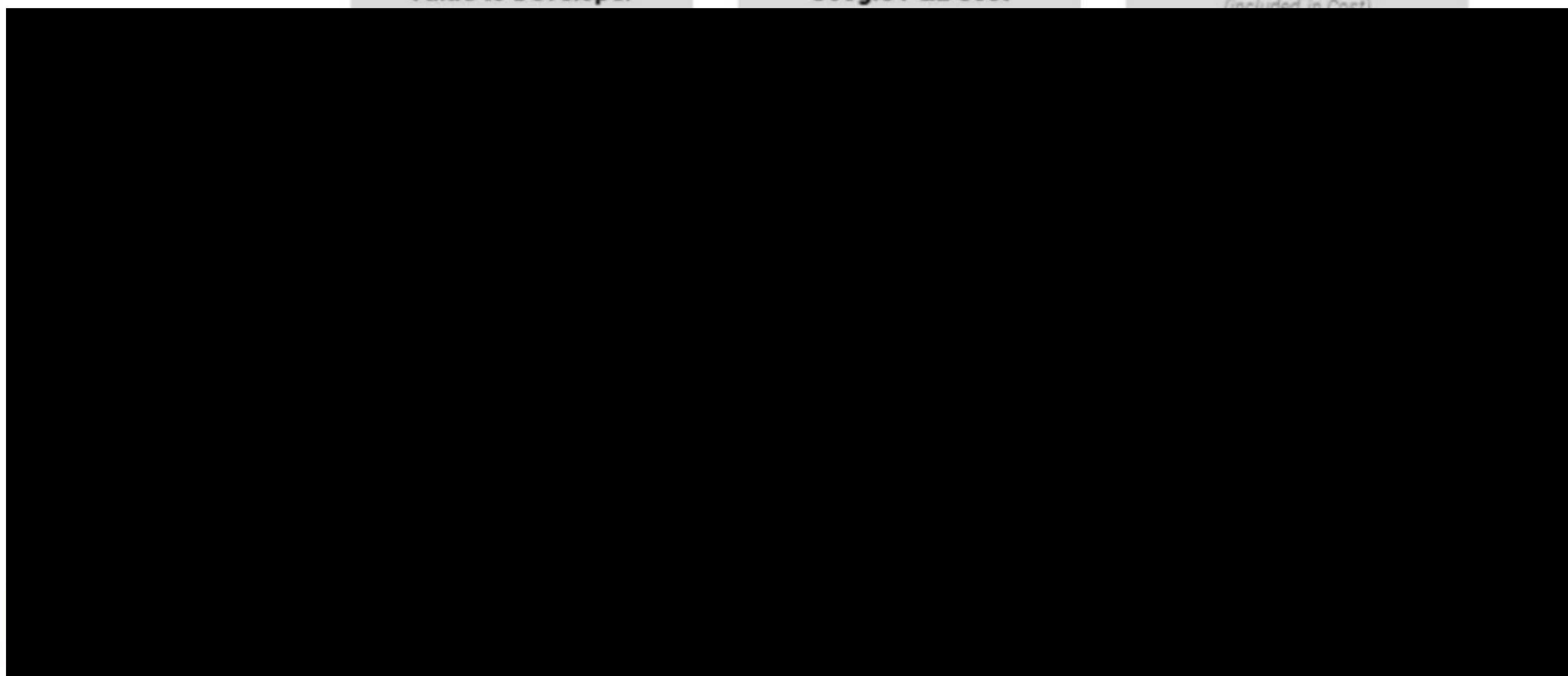
[-Piloting Build & Test & Launch packs with \[REDACTED\] → good early traction](#)

Value to Dev by Service Pack (2020 view)

Value to Developer

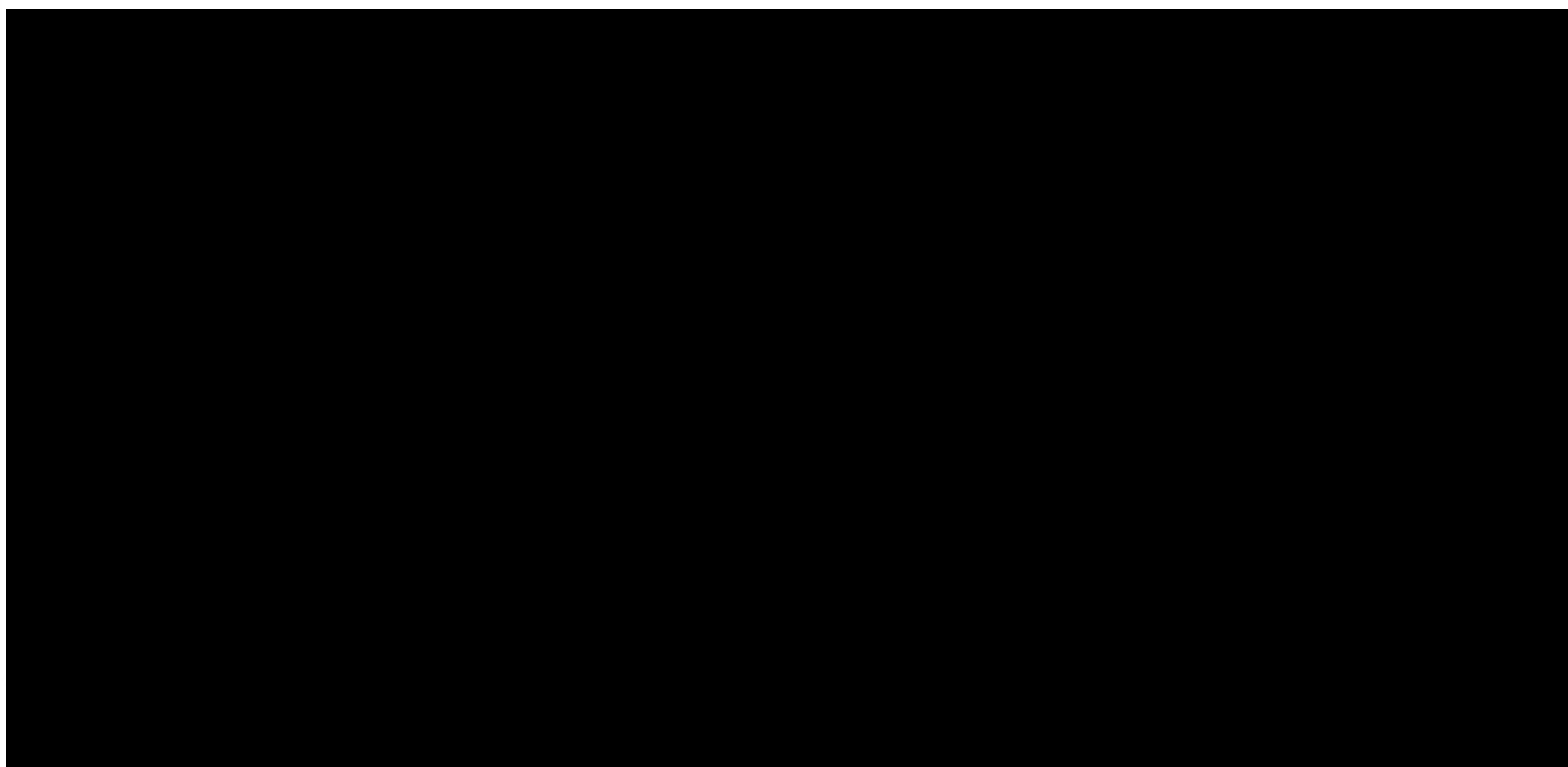
Google P&L Cost

HC
(Excluded in Cost)



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3-year Value to Developer exceeds P&L cost*



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Note that
P&L cost starts exceeding Cost to deliver value in 2020 & 2021 as [REDACTED]
[REDACTED] increases

TWO PROPOSALS

Top Developers

Samsung

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Context

Samsung
pursuing gaming
on Galaxy Store

Samsung's Goals

- Grow services business
- Differentiate hardware
- Appeal to younger users
- Possibly "Apple Envy", BU incentives, Google dependency reduction

Galaxy Store on DHS



#1 grossing game on Play
co-listing in Galaxy Store



Exclusive Titles / Content



Rumor: paid \$40M
for exclusive Niantic content



Represents
large oppty
for Samsung

(and larger risk
to Google)

-\$30M to \$60M

~\$240M

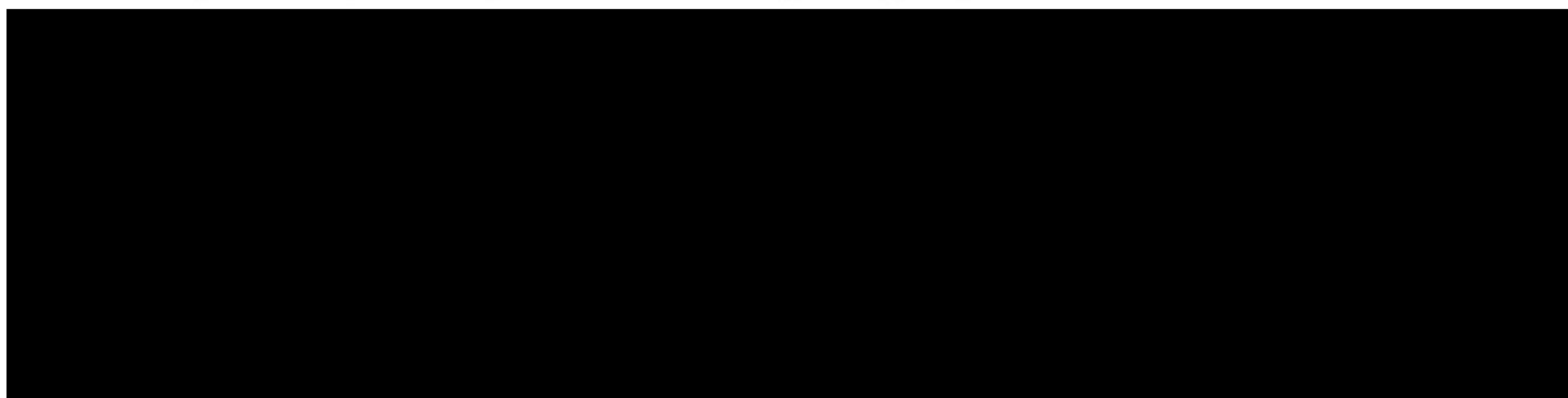
Current annual est
operating profit of
Galaxy Store

Likely 2022 operating profit
of Galaxy Store if Samsung
doubles down

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Jamie / Jim

Proposal: strategic collaboration that advances Samsung goals, promotes Play on Samsung devices, and improves Android gaming experience



Financial Gives

- Ads rev share from syndicated Google Ad products
- Co-marketing opportunities for Samsung-exclusive content and deals
- Up to **\$10M in 'Play Points' discounts** for 1 year for Samsung phone buyers
- Up to **\$60M annual payment for 4 years**

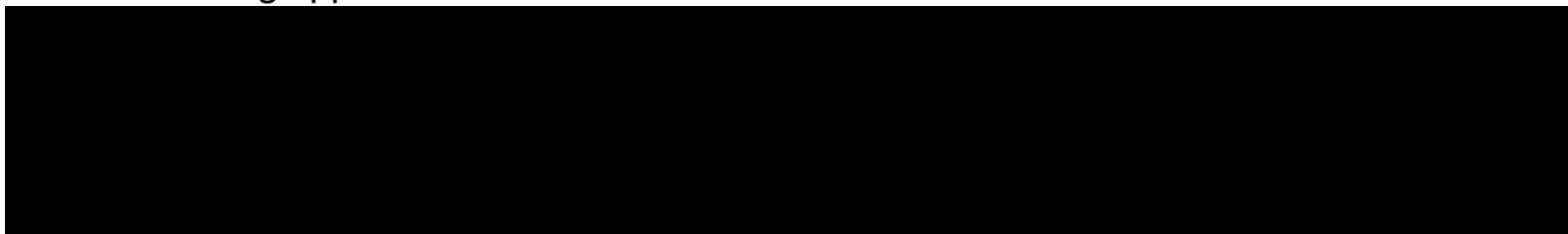
Google Gets

- Play hosts Galaxy Store games/apps, and provides billing, security, and updates
- Play and Galaxy Store are only app stores on Default Home Screen
- Samsung adheres to Android Gaming Standards

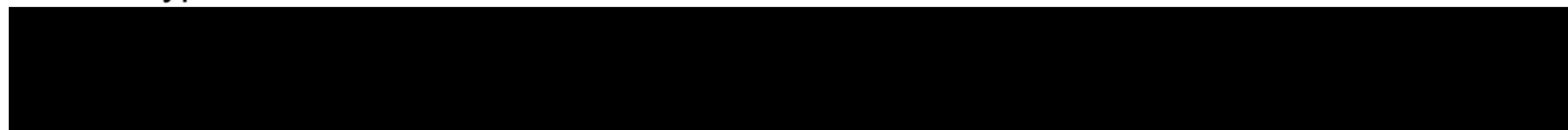
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- We want to collaborate with Samsung and bring multiple levers (not just cash) to the table. Some levers are win-win ([REDACTED])
- Upfront cash payment is needed to address their Galaxy store P&L. We are anchoring on the range of net profit that we estimate Galaxy store makes
- Potential upside from ads syndication would be lucrative for both Samsung and Google (size depends on how much Samsung is willing to partner wrt surfaces & ads targeting parameters). Samsung does not need to build its own large sales team and court devs. Can participate in the upside as several large publishers do today.

- Marketing opportunities:



- Playpoints:



Financial Summary & Risks

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Ask to BC: Initial Approval of Top Dev Service Packs (including [REDACTED]),
and 4 year Samsung deal

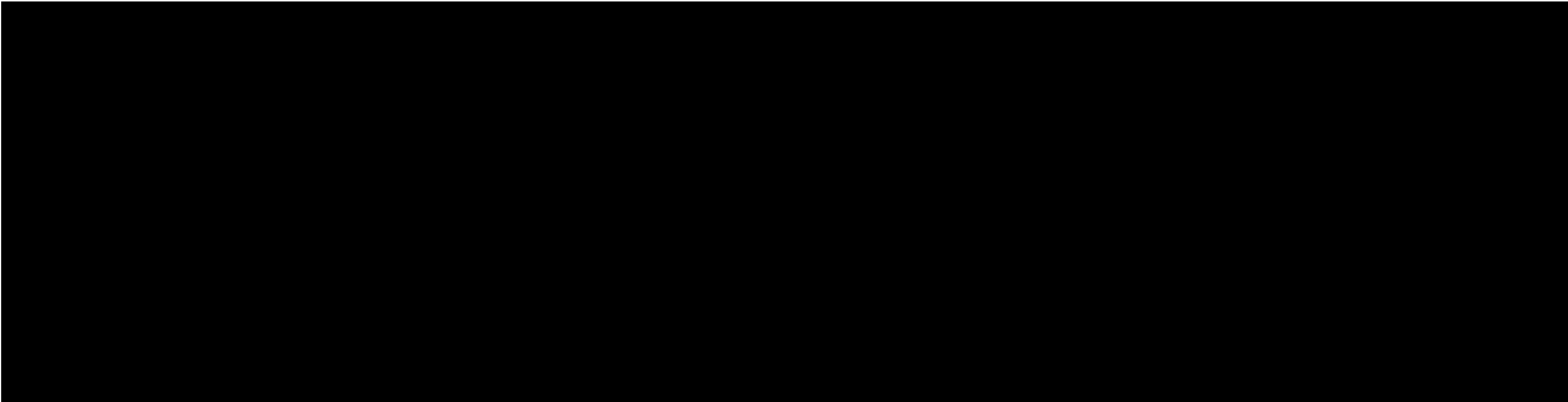


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Risks and Mitigation

	Risks	Mitigation
Top Developer Support	Contagion to other developers Other developers ask for increased support	
	x-PA execution & operational complexity Google historically hasn't flexed 'One Google' muscle. Title launch dates are also volatile	
Samsung	Samsung reverts to 1P store backend after deal expires	
	Erode Play brand & user loyalty	

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Appendix

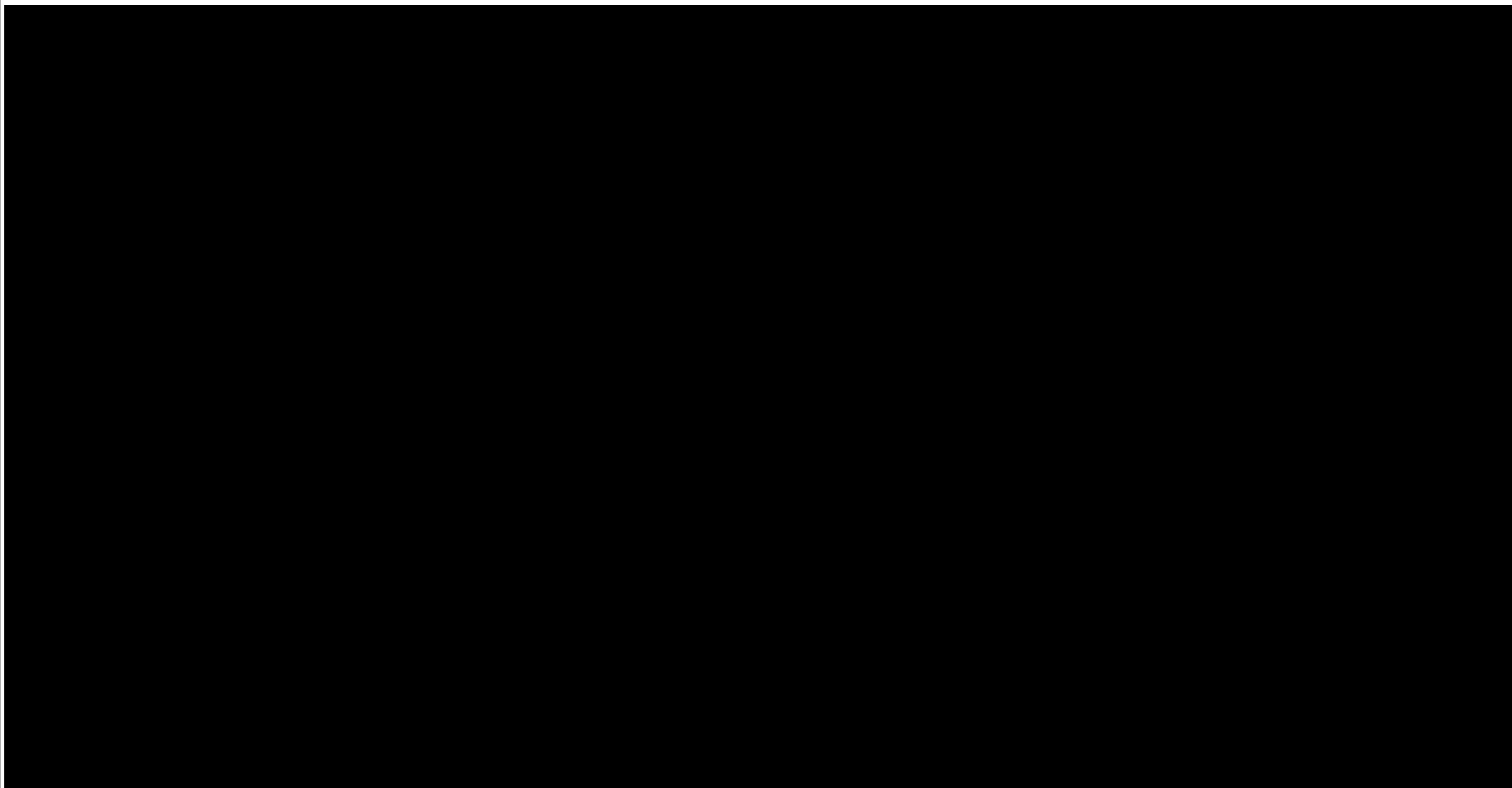
Financials

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Marketing line includes [REDACTED] and also accounts for incrementality from marketing spend

Developer Service Pack + Samsung deal would mitigate most of the risk



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Net Value: Mitigation - Investment

Risk builds over time



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Play Revenue = Apps & Games + Ads on Play

2019 Assumptions:

Epic Store to launch Q4 2019

Risk from Samsung and Amazon store already underway with existing stores and already known co-listing of top developers ([REDACTED])

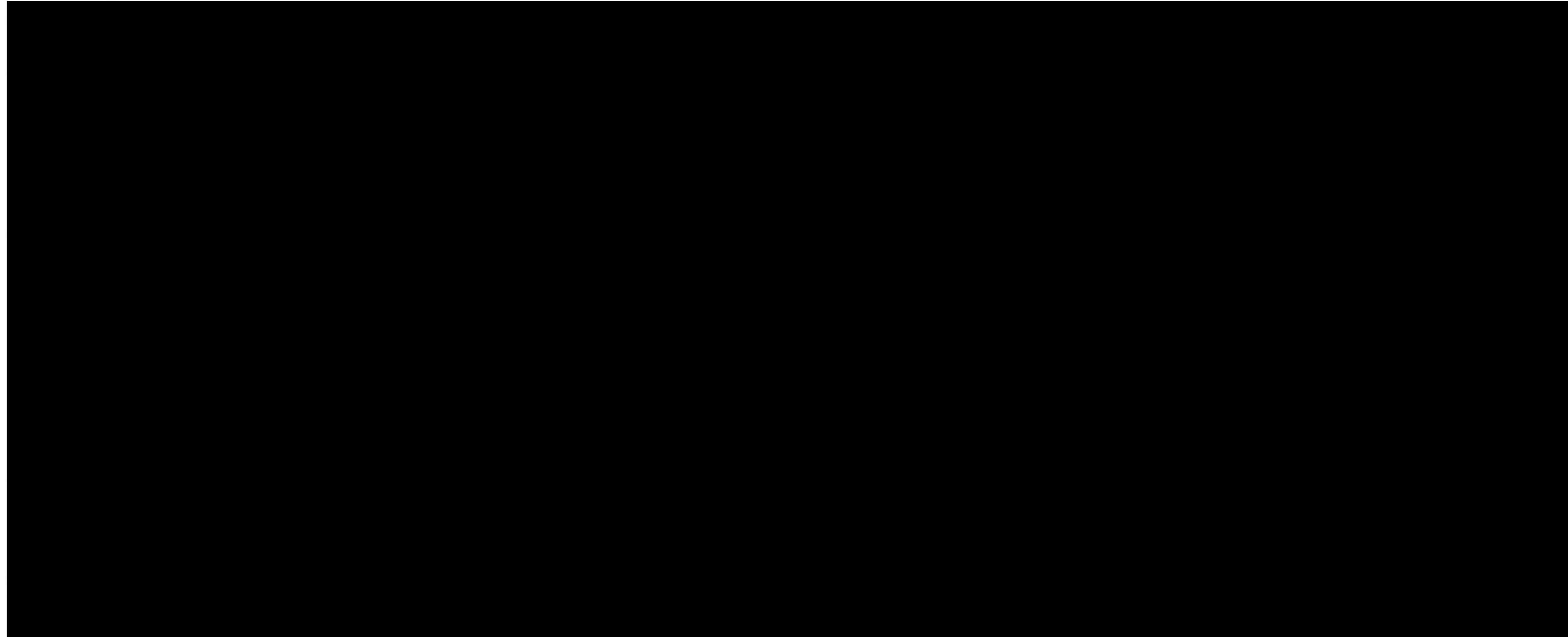
A couple of partial exclusives off-play expected to occur in 2019

Play would still retain at least ~50% of the top developers in 2019 with most likely defection of top developers ramping up to 100% in 2020

<https://docs.google.com/spreadsheets/d/1e7ZzdGpYZJIEhOIESEvrYINZ-M-6wptQwT8Alxyf4Ns/edit?ts=5c807718#gid=1323652187>

Hypothetical Hug and Samsung, Hug wound down after year 2

Margin Impact (2019 - 2022)



Samsung deal investment does not include any additional TVC/OpEx/HC costs for product offerings

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Source sheet:

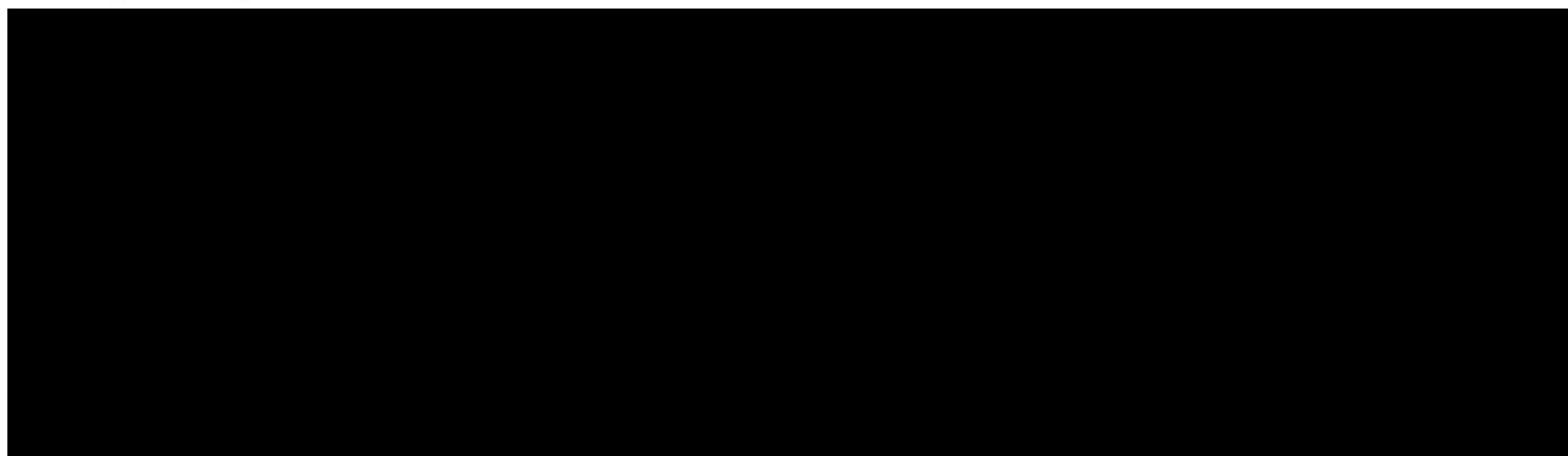
<https://docs.google.com/spreadsheets/d/1e7ZzdGpYZJIEhOIESEvrYINZ-M-6wptQwT8Alxyf4Ns/edit?zx=5yg339kwdcpm#gid=1323652187>



Source sheet:
<https://docs.google.com/spreadsheets/d/1e7ZzdGpYZJIEhOIESEvrYINZ-M-6wptQwT8Alxyf4Ns/edit?zx=5yg339kwdcpm#gid=1323652187>

Hug only (no Samsung deal)

Margin Impact (2019 - 2022)

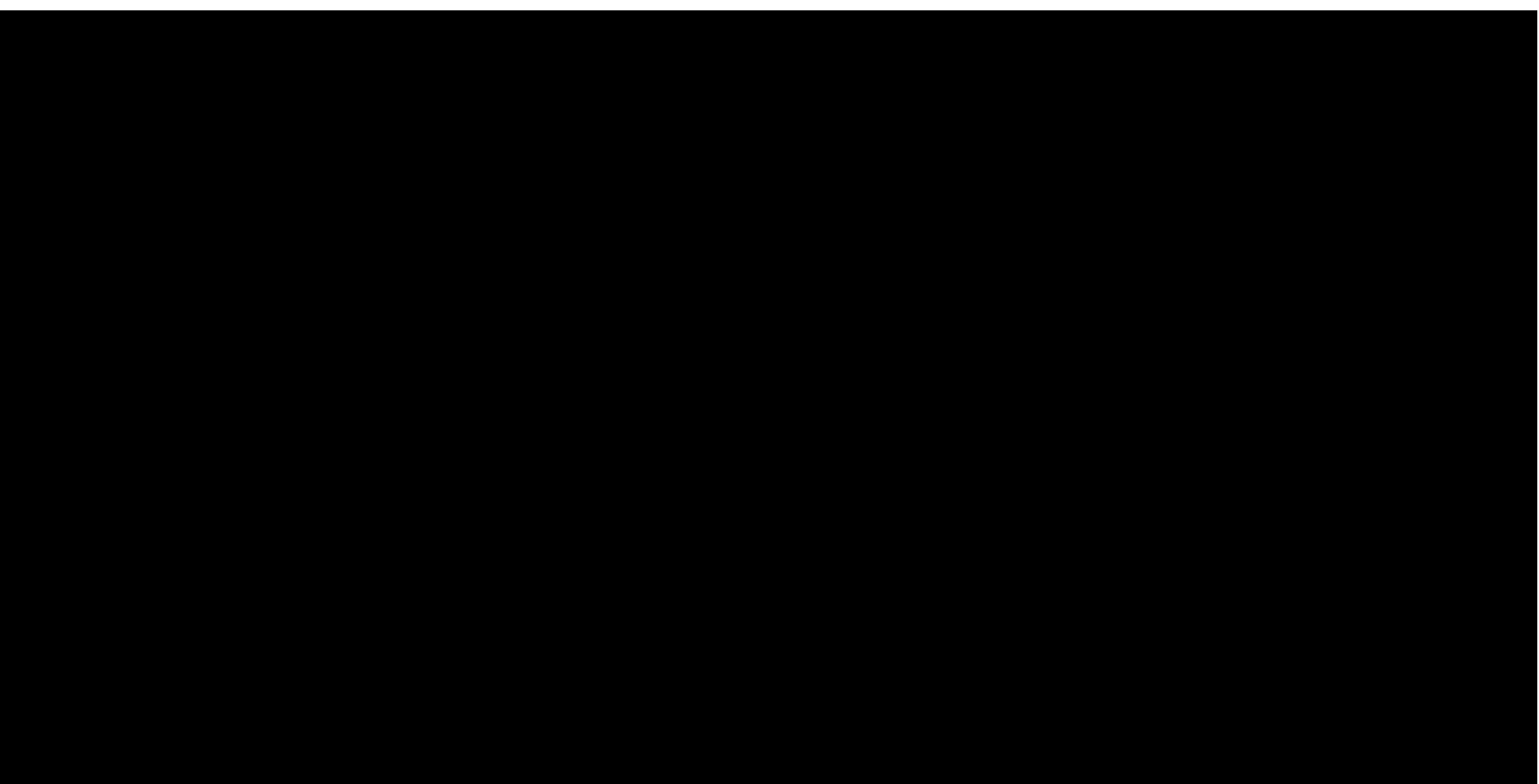


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Source sheet:

<https://docs.google.com/spreadsheets/d/1e7ZzdGpYZJIEhOIESEvrYINZ-M-6wptQwT8Alxyf4Ns/edit?zx=5yg339kwdcpm#gid=1323652187>

P&L economics of program to mitigate against [REDACTED] of margin over 2019-2022



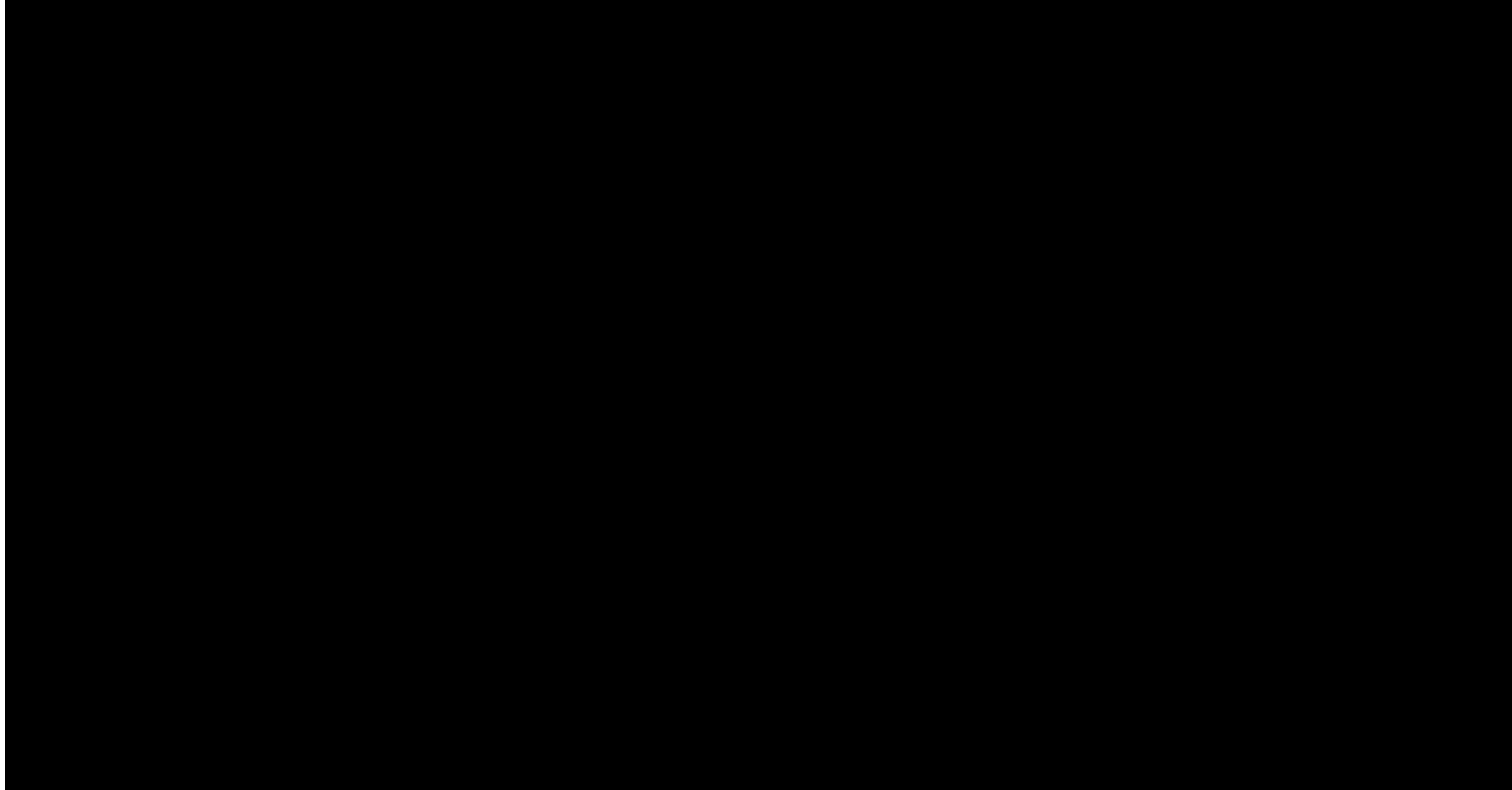
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Marketing line includes [REDACTED] and also accounts for incrementality from marketing spend

Top Developer Support

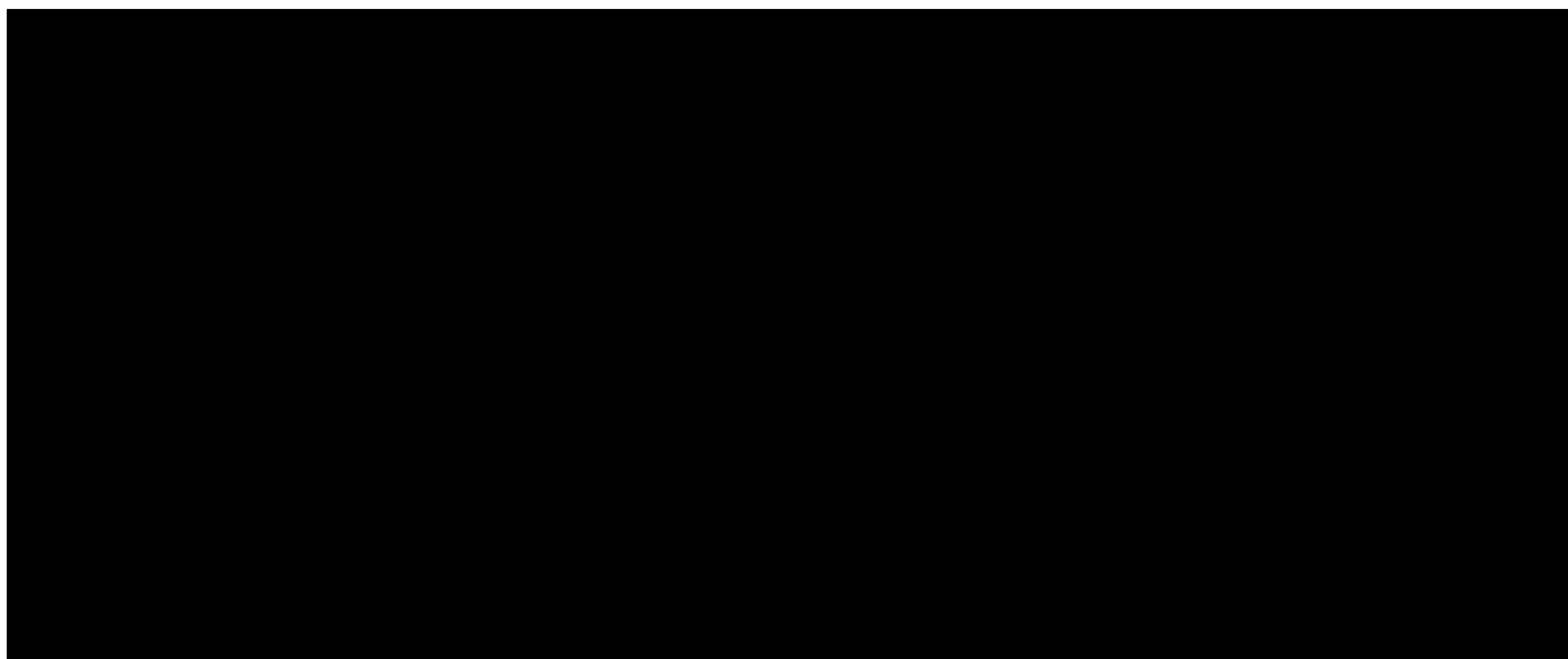
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Developer Value View



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Developer List

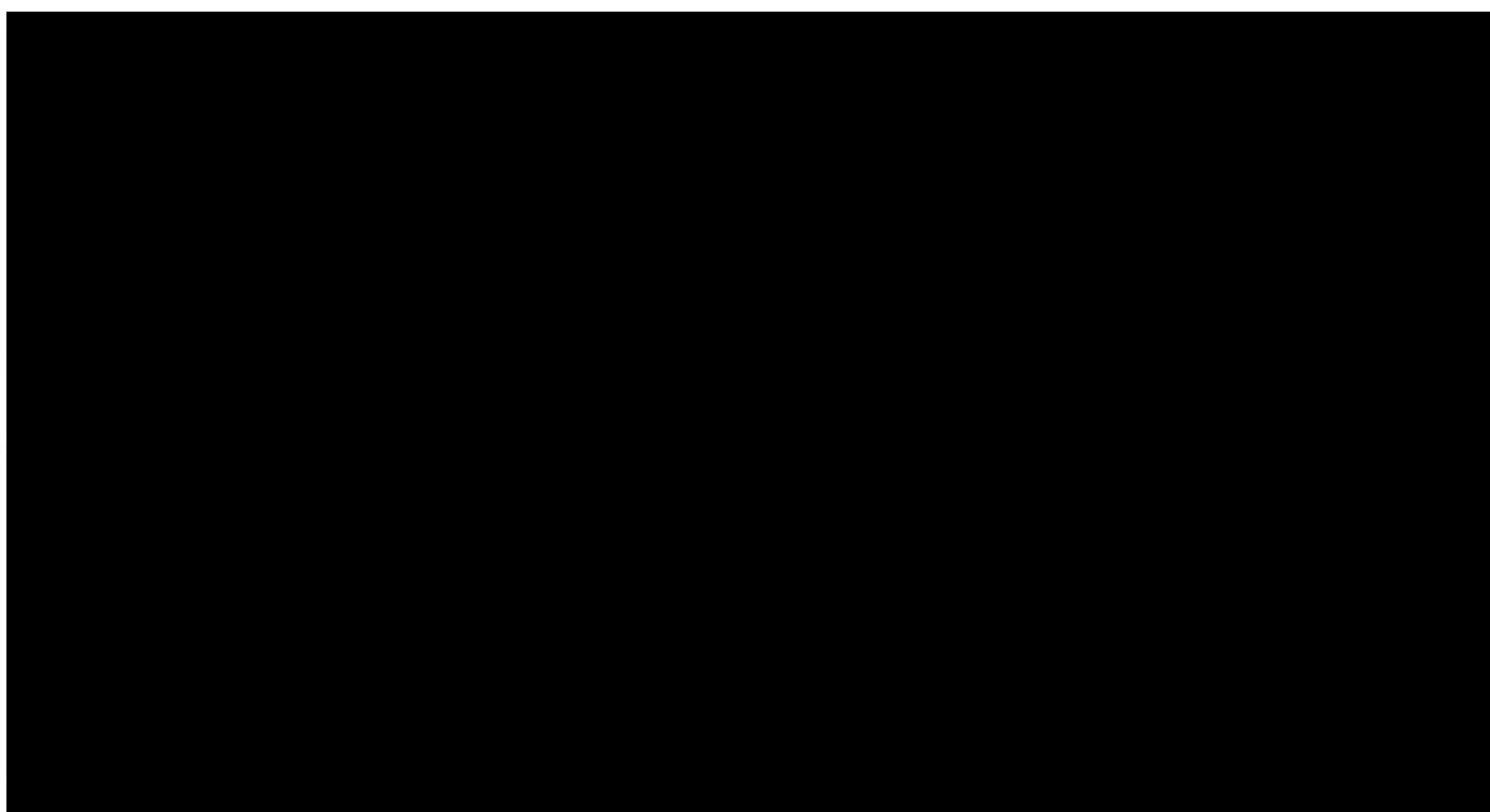


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Developer Eligibility Criteria and Obligations

**Developer
Eligibility**

**Developer
Obligations**

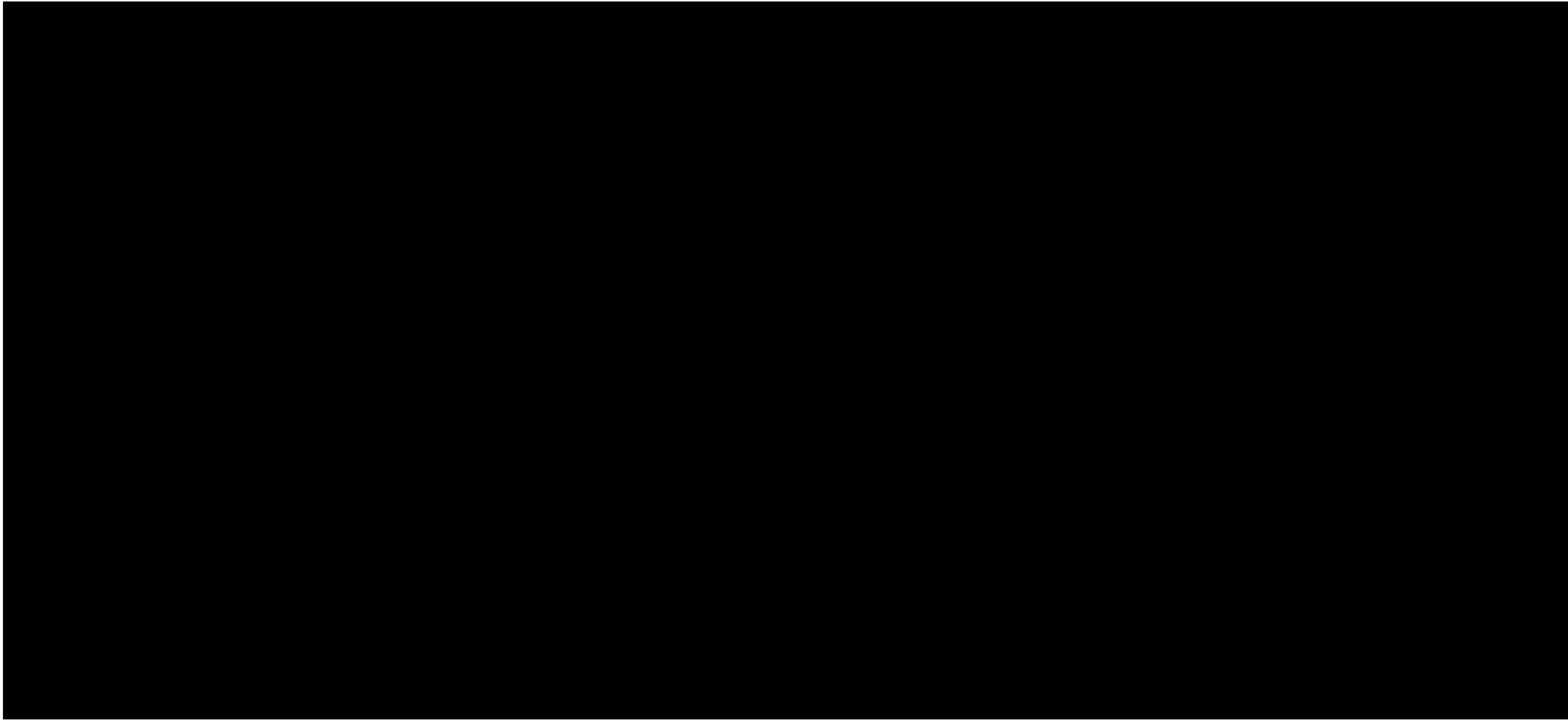


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Ads SVAs for Hug Devs: [REDACTED] and [REDACTED] FTE



[REDACTED] for Hug devs: [REDACTED]



What about Unknown Sources?

- **Developers have choice on Android (key distinction from Apple). Changes to 'Unknown Sources' create legal / regulatory challenges**
- **We want developers to actively choose Google, and we want happy customers**
- **Risk still remains even with changes to Unknown Sources**
 - Worse developer sentiment; "app store tax" meme acceleration
 - Alternative stores can still be preloaded
 - Sideloaded remains

Epic / Fortnite

Fortnite is active on ~6M Android devices

We estimate Fortnite would have been substantially more successful had they launched on Play

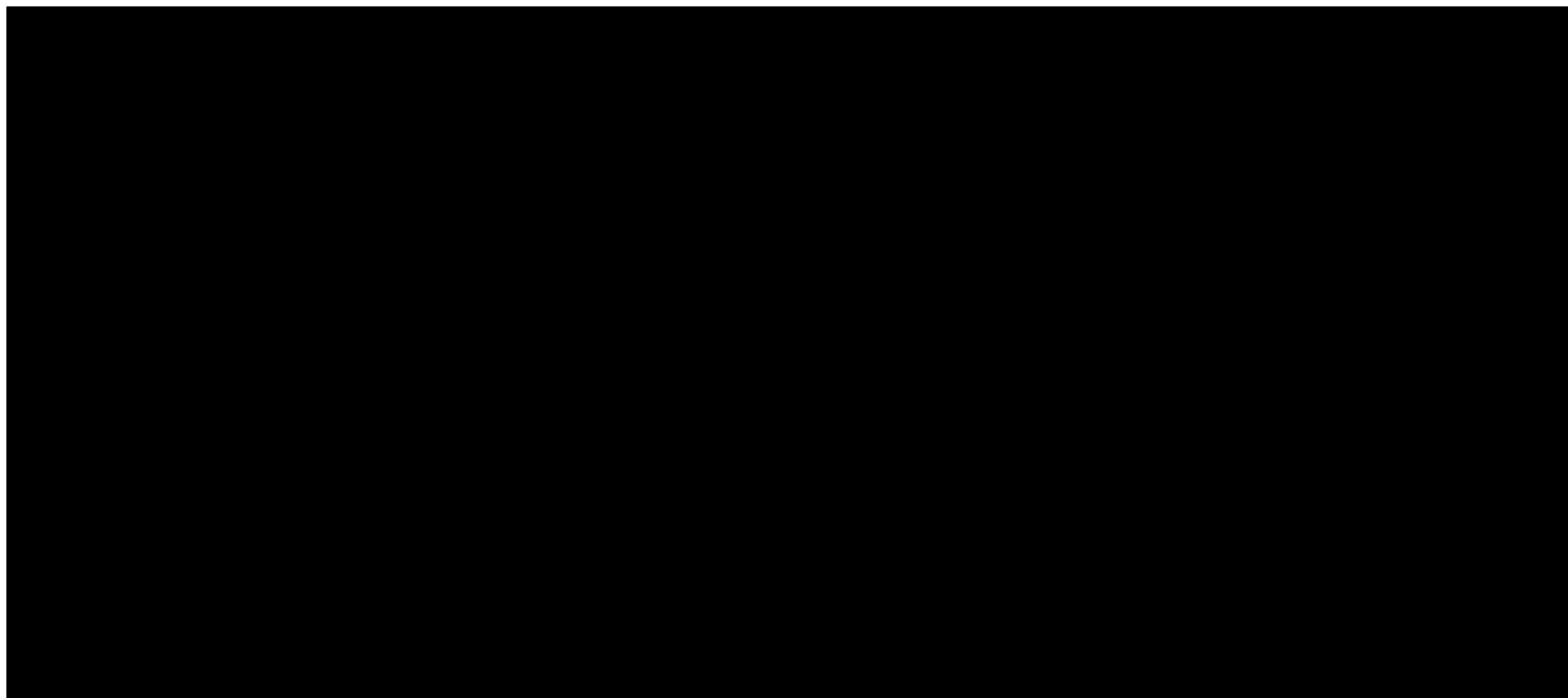
However, other developers might follow Epic's path for various reasons:

- Every developer that follows Epic's path & launches on the Epic store will have less friction & a larger addressable user base than title before it.
- Developers can afford to take a ~20% performance hit on Epic store (due to 88% rev share) and still break-even. Or a ~30% hit in performance if they decide to go-it-alone.
- Developers place value on owning the entire customer relationship beyond what we assessed in our short-term analysis of Fortnite performance.
- PC / Console developers that have long term relationships with their customers already have a good knowledge of which users drive spend. They can directly convert those players over to the mobile version.
- Tencent ownership of influential developers might bias their choices.

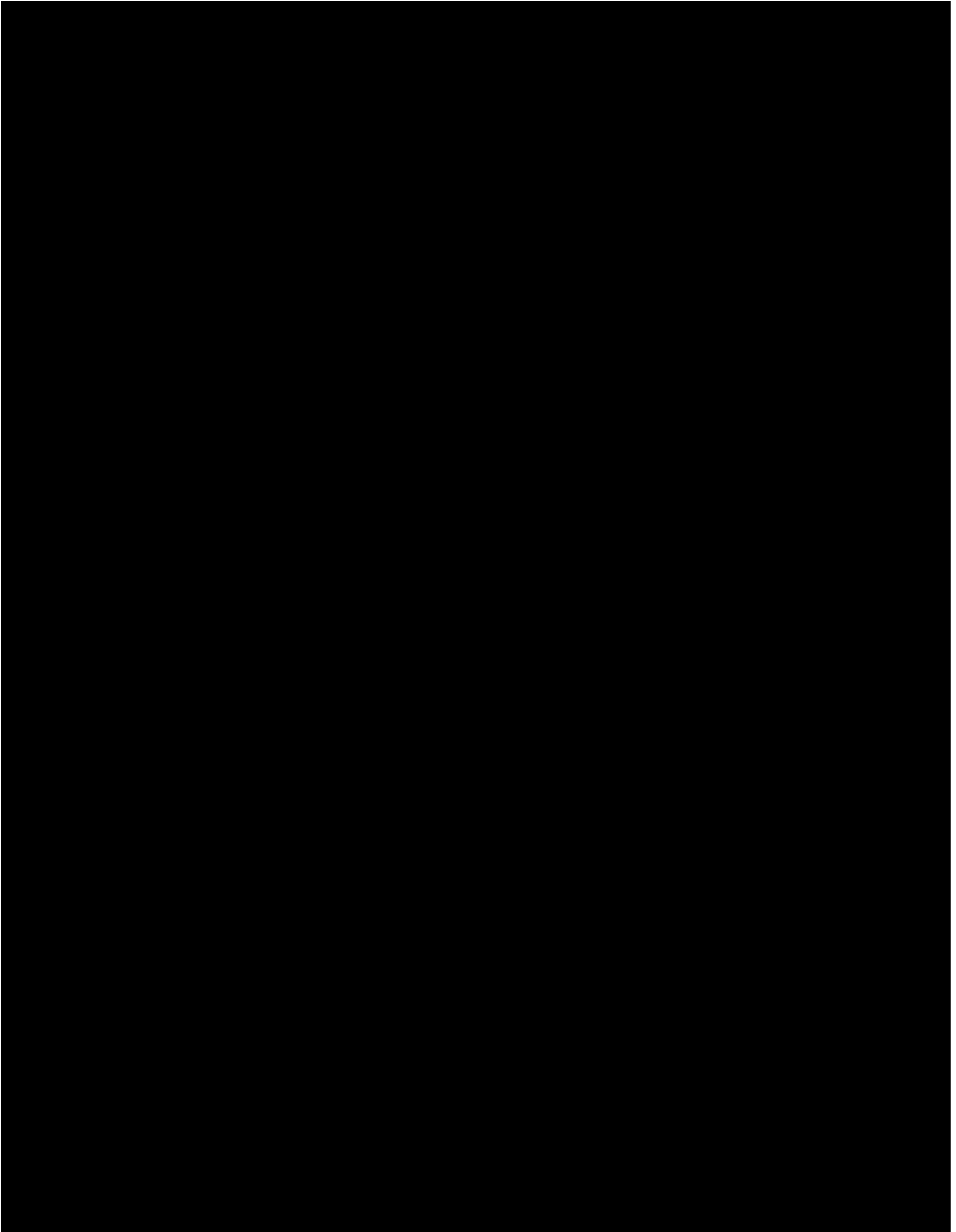
Play Concentration

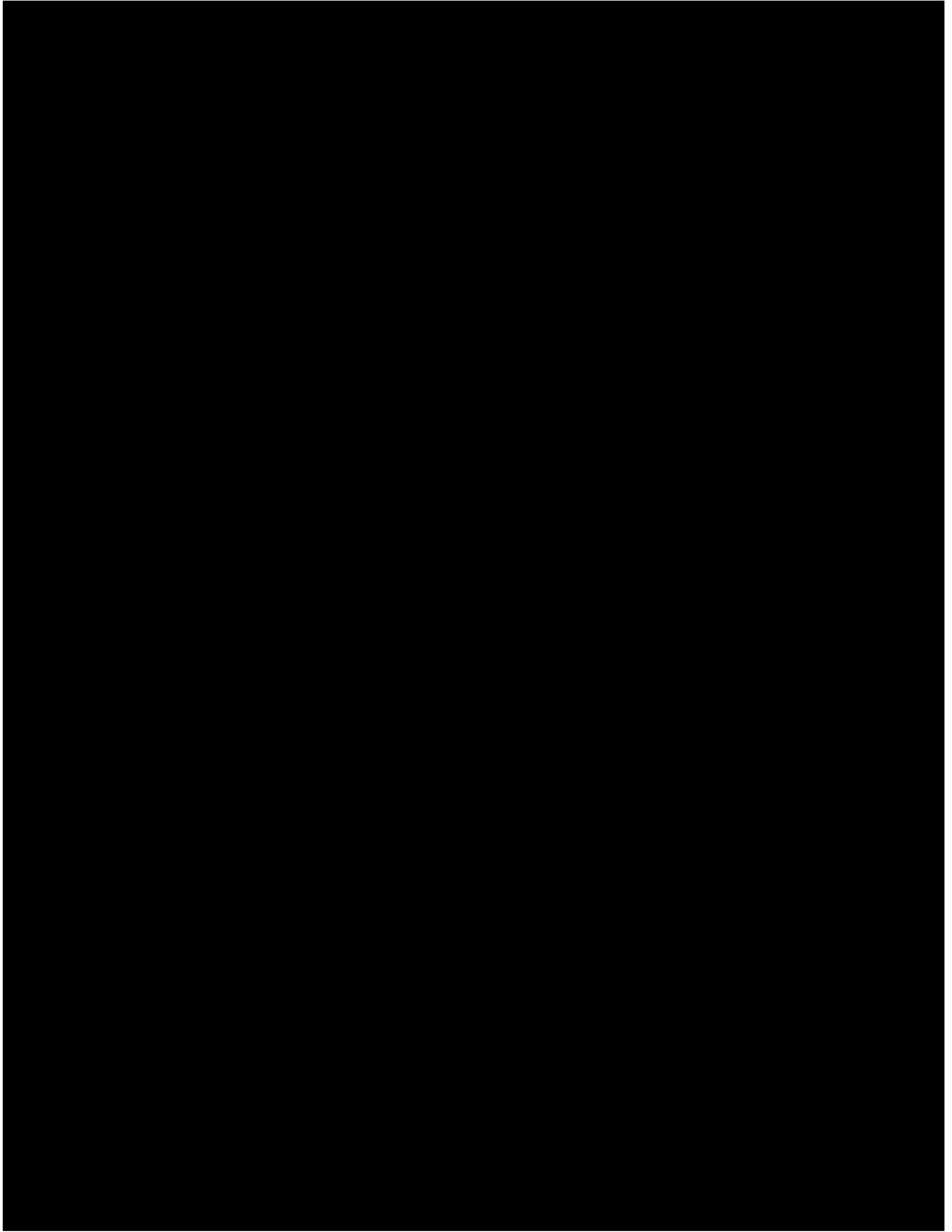
2019 Projected Play Spend =

[REDACTED]









To achieve our “gets” and help Samsung’s goals, we recommend a set of Product and Financial “gives” based on guiding principles

Product

Financial

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PRODUCT OFFERS – Play as backend to Galaxy Store frontend

Play backend to Galaxy Store frontend - how it would work

Overview	<ul style="list-style-type: none">• Surface area: All Samsung-owned surface areas that facilitate download of Android mobile apps, including Galaxy Store and Game Launcher• Catalog: Apps with unique functionality or offers for Samsung users• Store layout: Samsung continues to curate content and do top-level promotion
Risks and Mitigations	<p>Lost Play Ads revenue due to shift of Play users to Galaxy Store</p> <p><i>Mitigation:</i></p> <p>[REDACTED]</p> <p>Play brand dilution</p> <p><i>Mitigation:</i> [REDACTED]</p> <p>Samsung reverts to 1P backend and promotes Galaxy Store after deal expires</p> <p><i>Mitigation:</i></p> <ul style="list-style-type: none">• [REDACTED]• [REDACTED]

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FINANCIAL OFFERS – Lumpsum Payment

Likely 2019 net profit of Galaxy Store: -\$30M to \$60M profits

Based on extrapolating public estimates of Samsung’s Korean app business

Assumptions

[REDACTED]

Samsung revenue share is 20-30%

- \$24-35M Samsung net revenue in KR

[REDACTED]

250 HC OPEX to run the store

- Roughly 15% size of Play team

Ads revenue: ~\$10M

- Based on impressions and CTR data shared by Samsung at GDC

Source: Korean [industry articles](#); Samsung Galaxy Apps [partner program](#), Play Finance [Galaxy Store profit model](#)

Global estimate, \$M	Low	High
Galaxy Store Consumer Spend	\$360	\$545
Galaxy store revenue (20-30% of spend)	\$70	\$165
Payment processing cost (~3% of spend)	-\$10	-\$15
Operating cost (~250 HC)	-\$100	-\$100
Net profit (IAPs only)	-\$40	\$50
Ads revenue	\$10	\$10
Total net profit (incl Ads)	-\$30	\$60

[Link to overall proposal](#)

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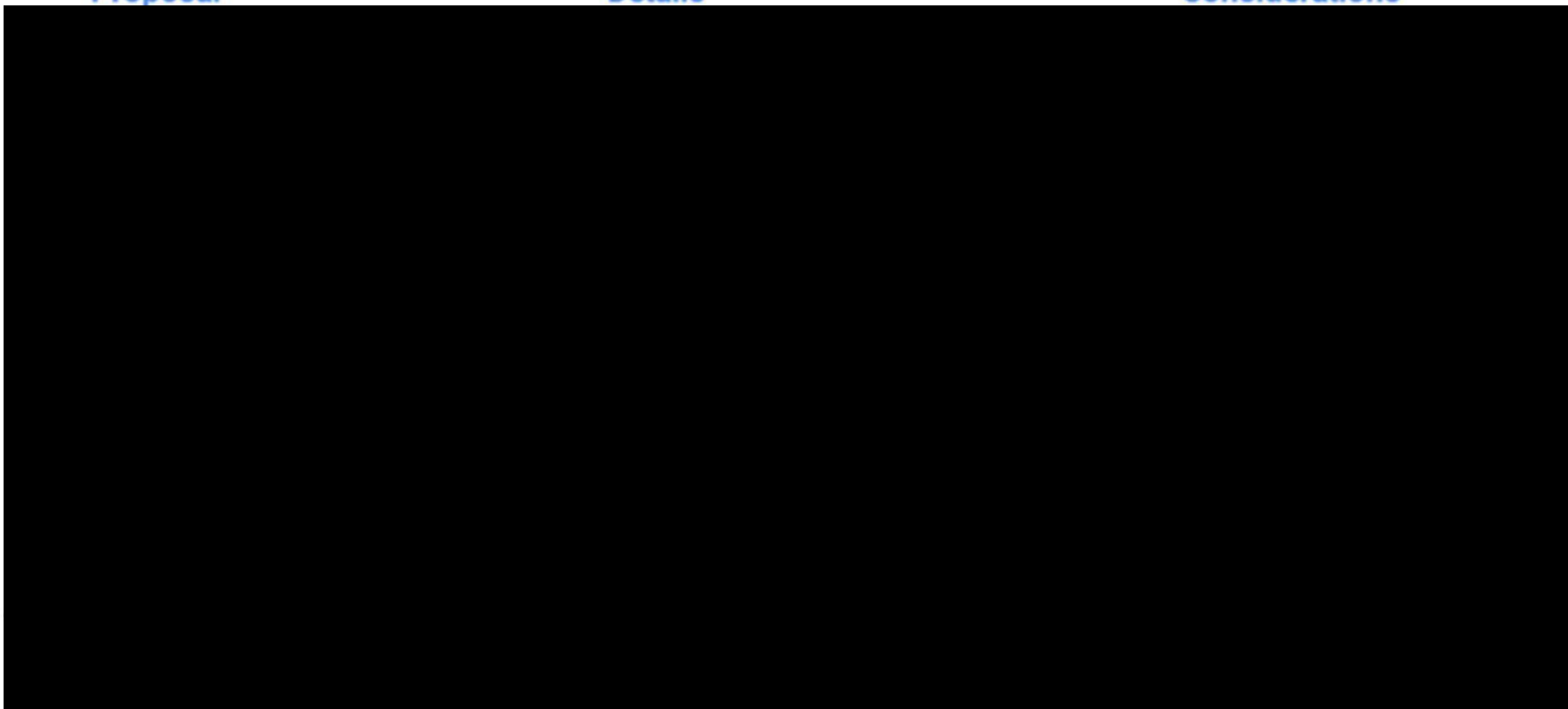
FINANCIAL OFFERS – Play Points

Integrate Samsung with [REDACTED] to help drive Samsung device sales and user engagement

Proposal

Details

Considerations



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